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Government
Publications

MACKENZIE VALLEY PIPELINE INQUIRY

IN THE MATTER OF APPLICATIONS BY EACH OF
(a) CANADIAN ARCTIC GAS PIPELINE LIMITED FOR A
RIGHT-OF-WAY THAT MIGHT BE GRANTED ACROSS
CROWN LANDS WITHIN THE YUKON TERRITORY AND
THE NORTHWEST TERRITORIES, and
(b) FOOTHILLS PIPE LINES LTD. FOR A RIGHT-OF-WAY
THAT MIGHT BE GRANTED ACROSS CROWN LANDS
WITHIN THE NORTHWEST TERRITORIES
FOR THE PURPOSE OF A PROPOSED MACKENZIE VALLEY PIPELINE
and

IN THE MATTER OF THE SOCIAL, ENVIRONMENTAL AND
ECONOMIC IMPACT REGIONALLY OF THE CONSTRUCTION,
OPERATION AND SUBSEQUENT ABANDONMENT OF THE ABOVE
PROPOSED PIPELINE

(Before the Honourable Mr. Justice Berger, Commissioner)

Yellowknife, N.W.T.

July 7, 1976.

PROCEEDINGS AT INQUIRY

Volume 159

CANADIAN ARCTIC
GAS STUDY LTD.
JUL 20 1976
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APPEARANCES:

Mr. Ian G. Scott, Q.C.,
Mr. Stephen T. Goudge,
Mr. Alick Ryder and
Mr. Ian Roland for Mackenzie Valley Pipeline
Inquiry;

Mr. Pierre Genest, Q.C.,
Mr. Jack Marshall,
Mr. Darryl Carter and
Mr. J.T. Steeves for Canadian Arctic Gas Pipeline
Limited.

Mr. Reginald Gibbs, Q.C.,
Mr. Alan Hollingworth and
Mr. John W. Lutes for Foothills Pipe Lines Ltd.;

Mr. Russell Anthony,
Prof. Alastair Lucas and
Mr. Garth Evans for Canadian Arctic Resources
Committee;

Mr. Glen W. Bell and
Mr. Gerry Sutton for Northwest Territories
Indian Brotherhood, and
Metis Association of the
Northwest Territories;

Mr. John Bayly and
Miss Leslie Lane for Inuit Tapirisat of Canada,
and The Committee for
Original Peoples Entitle-
ment;

Mr. Ron Veale and
Mr. Allen Lueck for The Council for the Yukon
Indians;

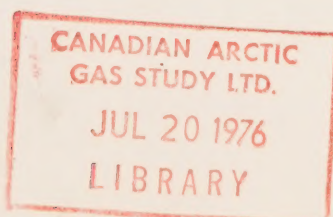
Mr. Carson Templeton for Environment Protection
Board;

Mr. David H. Searle, Q.C. for Northwest Territories
Chamber of Commerce

Mr. Murray Sigler for The Association of Munici-
palities;

Mr. John Ballem, Q.C. for Producer Companies;

Mrs. Joanne MacQuarrie, for Mental Health Association
of the Northwest Territor
ies.



I N D E XPage

WITNESSES FOR CANADIAN ARCTIC GAS PIPELINE LIMITED:

Joseph Henry WEINSTEIN

David M. WEINSTEIN

David BOORKMAN

Wayne B. TRUSTY

- In Chief

24298

- Cross-Examination by Mr. Sigler

24358

24401

- Cross-Examination by Mr. Scott

24399

- Cross-Examination by Mr. Bayly

24453

- Cross-Examination by Mrs. MacQuarrie

24497

EXHIBITS:

649 "Impacts of the Alyeska Project in the
context of Alaska socio-economic environ-
ment" by Boorkman & D. Weinstein

24303

650 Relating Alaska Experience to N.W.T. and
the Arctic Gas project

24303

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Boorkman, Trusty
In Chief
Yellowknife, N.W.T.

July 7, 1976.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

JOSEPH HENRY WEINSTEIN,

DAVID M. WEINSTEIN, and

DAVID BOORKMAN, sworn:

WAYNE B. TRUSTY, resumed:

MR. STEEVES: Mr. Commissioner,

the witnesses have been sworn. On the immediate left is a witness whose name is not on the summary of evidence, Mr. Joseph Henry Weinstein. Next to him is Mr. David Weinstein. Next to him is Mr. David Boorkman, and on the far right of the table, Mr. Trusty, who is known to all.

DIRECT EXAMINATION BY MR. STEEVES:

Q May I begin by asking you, Mr. Boorkman, whether or not the testimonial qualifications set out in the statement under your name are true and correct.

WITNESS BOORKMAN: Yes, they are.

Q And I ask the same question of you, Mr. David Weinstein.

WITNESS D. WEINSTEIN: Yes.

Q And Mr. Joseph Weinstein, are you 31 years of age?

WITNESS J. WEINSTEIN: Yes.

Q And do you hold a degree of Bachelor of Arts from Westlane University in

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political science?

A I do.

Q And do you hold a degree
of Master of Arts in teaching from Harvard?

A I do.

Q And were you employed
after graduation --

A I have also a degree in
city planning.

Q Sorry.

A From California, Berkley.

Q Can't read my own writing;
and were you employed after your under-graduate period
as a --

A Teacher.

Q -- as a teacher?

A Yes, I was.

Q Two years in the public
school system in California?

A Right.

Q And have you acted as a
consultant to the City of Oakland in the State of
California in part of the model city's program?

A Yes, to the model city's
program for education and for economics as well.

Q And have you taught for
one semester at the University of California?

A Yes, one quarter in housing.

Q In housing; and have you
acted as a consultant to various governmental authorities?

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A Yes.

Q And have you since 1974 been concerned as research director for URSA, of a study made by that firm generally described as the Alaskan Impact Study?

A Yes, the Alaskan Arctic Impact Study.

Q And has that study been put in evidence before the Federal Power Commission in Washington?

A Right, and I was a witness in support of that.

Q Now, Mr. Boorkman, are there any typographical errors in the evidence?

WITNESS BOORKMAN:

A Yes, there are. I think one of my testimonies --

THE COMMISSIONER: May I have a copy of this, now that we are about to begin?

MR. STEEVES: Oh, I'm sorry.

A On page 1 of my testimony the third paragraph on the first page begins our testimony. In the first line it should be, instead of

"its Alaska Native Claims Settlement Act," it should be

"the Alaska Native Claims Settlement Act."

On the next line there are two places where "it" should read "the". Integration of "the" natives into Alaska society, the impacts of the Acts are

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On page 10 of our testimony in the first paragraph at the top of the page in the 4th line, the word "officials" is repeated. The first can be stricken.

On page 21 of our testimony the second paragraph, the 3rd sentence about the middle of the paragraph,

"State Commissioner of Labor ordered that all resident Alaskans" instead of "residence".

Page 29 of our testimony, the last paragraph, the last line there should be an "and" between the word "public" and -- "private and public" so it should read,

"...a variety of private and public goods and services."

There may be others, but those are the ones I've found to date.

Q Mr. Trusty, are there any errors or corrections in your evidence?

WITNESS TRUSTY: Yes sir, there are.

Q Tell us what they are, please.

A On page 8 of my testimony in the fifth line from the top of the page the words, "for each community" should read "for the major communities". So the sentence would read then,

"Further, there are master plans for the major

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communities."

Q Is that it?

A Yes.

Q Mr. Boorkman, would you
commence reading the testimony?

WITNESS BOORKMAN: Over the
past few years the socio-economic environment of
Alaska has changed rapidly. The major cause of this
change has been the construction of the Alyeska Oil
Pipeline. However, in order to understand the changes
which have occurred because of the Alyeska construction,
it is important to understand the socio-economic context
within which these Alyeska impacts have taken shape.
There are many forces of socio-economic change currently
at work in the state, and not all of them are directly
tied to the Alyeska project. And even the pipeline
activities themselves must be viewed within a clear
sense of the socio-economic context of the state if they
are to be understood.

The following section, (Part II)
of this testimony, describes some of the socio-economic
impacts associated with the construction of the Alyeska
Pipeline, while Part III describes the overall context
which has shaped these impacts. Part II is a factual
presentation of what has happened in Alaska over the
past two years, while Part III contains a description of
the unique Alaska socio-economic environment. The final
section of this testimony, Part IV, summarizes the
importance of Alaska's socio-economic environment in

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determining the Alyeska related impacts, and spells out some of the reasons why pipeline impacts in Alaska and the Northwest Territories could vary considerably.

Our testimony does not deal with the Alaska Native Claims Settlement Act. Though the Settlement Act has had a crucial role in accelerating the social, political and economic integration of the natives into Alaskan society, the impacts of the Act are distinct from the impacts caused by Alyeska construction. The purpose of this testimony, on the other hand, is to describe the specific Alyeska-related impacts, and to place them in Alaska's overall socio-economic context.

(IMPACTS OF THE ALYESKA PROJECT IN THE CONTEXT
OF ALASKA SOCIO-ECONOMIC ENVIRONMENT BY
BOORKMAN & D. WEINSTEIN MARKED EXHIBIT 649)
(RELATING ALASKA EXPERIENCE TO N.W.T. AND THE
ARCTIC GAS PROJECT MARKED EXHIBIT 650)

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Alyeska impacts. This section of the testimony describes some of the pipeline related impacts which have occurred in Alaska during the past two years. The impacts discussed have been organized according to the following subject matter categories:

- A. Population
- B. Employment and unemployment
- C. Labor shortages and labor costs
- D. Revenues and expenditures
- E. Impacts on public and private goods and services
 - 1. housing
 - 2. utilities
 - 3. public safety
 - 4. education
- F. Inflation, and,
- G. Small village impact

In describing recent socio-economic impacts associated with the construction of the Alyeska pipeline, this section emphasizes impact in the Fairbanks area, since Fairbanks has served as the major supply point for much of the pipeline project and has, therefore, been a focal point for socio-economic impact as well.

Population. Historically in Alaska, periods of rapid economic development have been characterized by large scale population in-migration. Because of the economic opportunity created by the "boom" periods and because of the unique lure of Alaska to residents of other states, the various economic "boom" periods have accelerated the normal in-migration of

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people into the state. The Alyeska induced boom has been no exception.

According to a year-long survey of in-migrants to Alaska conducted by URSA for the U.S. Department of Labor in 1975, the magnitude of in-migration increased dramatically during Alyeska construction. If the number of in-migrants who responded to URSA's four surveys is extrapolated and averaged over all of 1975, one can estimate that as many as 56,000 people in-migrated to Alaska during 1975. These people were not tourists, nor were they Alaska resident, nor individuals travelling to Alaska on business. Rather, they were people in-migrating to Alaska because they had a new job in Alaska, because they hoped to find a new job in Alaska, or because they were dependents of these new employees or new job-seekers.

In addition to URSA's survey of population in-migration, the Alaska Department of Labor has estimated that Alaska's statewide population increased from 330,365 to 404,634 or 22.5% from July 1, 1973 to July 1, 1975. Similar population increases have occurred for the three cities most affected by Alyeska -- Fairbanks, Anchorage and Valdez.

The population of the Fairbanks North Star Borough increased from 38,091 on July 1, 1973 to 63,350 on July 1, 1975, an increase of 66.3% in only two years. Valdez, the terminus of the Alyeska pipeline also mushroomed from a population of 1,173 in January, 1974 to 2,071 in July 1974 and finally to 6,670 in July, 1975 -- an increase of 469% in one and a half years.

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1 Finally, Anchorage has also grown significantly from
2 149,440 in September 1973 to 179,883 in September 1975
3 -- an increase of 20.4%.

4 These population increases are
5 well-known, but in and of themselves they are not very
6 useful statistics. However, as explained more fully
7 in later sections, these increases have caused serious
8 problems. First, there has been a significant lag be-
9 tween population increases and corresponding increases
10 in revenues. This revenue shortfall has led to inade-
11 quate budgets and inadequate expenditures for public
12 goods. Second, the revenue shortfall has meant that pub-
13 lic services simply have not kept up with population
14 growth. Electricity , sewage systems, telephone service,
15 police and fire protection -- none has expanded in pro-
16 portion to the increase in population. By American
17 standards, Alaska is an extremely unpopulated state
18 and has the limited service delivery capability of an
19 unpopulated -- it should be an undeveloped nation.
20 It has not been able to absorb the huge numbers of in-
21 migrants and to provide all of its population -- both
22 old-time residents and new in-migrants with an adequate
level of public services.

Employment and unemployment.

It is extremely well publicized that Alyeska has greatly
increased employment in Alaska. During the second quar-
ter of 1975, the peak direct Alyeska workforce reached
a high of 24,400 workers. Moreover, given the employ-
ment multiplier of 1.5 commonly used in Alaska, it is

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estimated that Alyeska created a peak of approximately
61,000 jobs in Alaska (24,400 direct jobs and 36,600
secondary and indirect jobs).

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Moreover, in addition to this Alyeska induced increase in employment, unemployment in Alaska has also risen because of Alyeska. This has occurred for two reasons. First, as explained in the previous section, tens of thousands of unemployed people have in-migrated to Alaska in search of work, during the years of Alyeska construction. In URSA's recently completed in-migration study for the U.S. Department of Labour it was found that fully 35 percent of in-migrant adults were unemployed.

Second, the Alyeska project has also caused large numbers of resident Alaskans to enter the labour force for the first time, for example, natives, housewives, students. These resident Alaskans who have entered the labour force but who have been unable to find work have joined the ranks of the unemployed for the first time.

Official state totals do not break down unemployment in the in-migrant and resident categories, but rather include both residents and in-migrants in overall totals. Statewide, although pipeline employment and total employment reached record levels during the past year, the number of unemployed workers rose from 16,400 in January, 1975 to 22,900 in January 1976. The statewide unemployment rate also increased from 10.8 percent to 12.2 percent during the same period. Even in Fairbanks where pipeline activity has been the most intense, the total number of unemployed workers also increased last year though the unemployment rate dipped slightly from 1974 to '75.

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sell a house and therefore exacerbates the bottlenecks in the supply of housing. Moreover, private construction firms that perform non-pipeline work are having difficulty hiring craftsmen to perform work necessary to bring buildings into compliance with the local code requirements. Many workers appear to be doing jobs that are beyond their ability or training.

The public sector has also been effected. The Fairbanks Health Center has had difficulty in attracting and keeping good clerical help, since the state wage scale is lower than the wages offered by the pipeline contractors. In addition, the state Environmental Health Section has reported that low pay scales, low state pay scales have restricted filling of four sanitarian vacancies in the Northern Regional Office and South Central Regional Office.

As a final example, the U.S. Postal Service in Fairbanks has had constant problems in retaining personnel and in keeping its self-service units in working order. The employee turnover rate last fiscal year in Fairbanks was 42 percent and as a result, the self-service postal units have been underutilized because they are frequently in need of repair, qualified repair staff is not available.

Revenues and expenditures. Because of the rapid population increase, state and local budgets in Alaska have grown enormously. However, revenue sources have not grown rapidly enough to sustain a desired level of public expenditures. Both state and local governments have begun to curtail their budgets

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1 and simultaneously to propose new taxes. The state
2 has already spent the nine hundred million dollars that
3 it received from the Prudhoe Bay oil and gas lease sale.
4 In order to balance the proposed budget of six hundred
5 and seventy-four point four million dollars in fiscal
6 year 1977, the governor now has not only proposed
7 substantial new taxes, but has also proposed that the
8 payment date of certain existing taxes, paid by the
9 oil companies be moved forward three months, from
10 September 30, 1977 to June 30, 1977, the very last
11 day of fiscal year 1977.

12 Even when oil begins to flow
13 in mid '77, oil revenues will not be as high as previously
14 estimated because in order to increase revenues last
15 year, the state passed a 20 mill ad valorem tax on
16 petroleum reserves. This reserves tax is merely a
17 credit for borrowing against future severance taxes, and
18 thus current payments by the oil companies for this
19 reserves tax will be subtracted from the severance taxes
20 that they pay once oil begins to flow in 1977.

21 This problem of a revenue
22 shortfall can also be illustrated in the Fairbanks
23 North Star Borough, where increases in revenue sources
24 have lagged considerably behind increases in population.
25 As stated above, the population of the Borough increased
26 66.3 percent between 1973 and '75. The population
27 increased 32.1 percent between 1973 and 1974. On the
28 other hand, property tax revenues from the Borough increase
29 only 16.7 percent between 1973 - '74 and '74 - '75 and
sales tax receipts rose 9.9 percent in this same period.

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The lag between population
impact and increased revenues has aggravated the
intensity of Alyeska impacts since local funding
sources have not grown fast enough to keep up with the
demand for more and better public services.

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The Alyeska project has also exposed and exacerbated pre-existing weaknesses in Alaska's intra-state revenue sharing mechanisms. State revenues are currently distributed to local governments on a per capita basis. The existing per capita formula however, often does not provide adequate funds to extremely small communities, including those communities which have been affected by Alyeska construction. A bill currently before the Alaska legislature would correct this deficiency and provide a minimum grant to all communities regardless of population. Moreover, the Alyeska project has also created entirely new problems for intra-state revenue sharing. In order to assist communities most severely "impacted" by Alyeska construction, special impact assistance funds were provided by the state to certain specified communities. However, these funds were far too restricted in terms of the purposes for which they could be used. The funds were primarily for operating expenses; the only capital expansion projects for which the impact funds could be used were school facilities, parks and recreational equipment.

Impacts on private and public goods and services. The supply of most private and public goods simply has not kept up with demand. With respect to private goods (especially housing) the Alyeska project has both drained off needed pools of skilled labor and has also affected capital flows in other areas of the private sector. In addition, Alaska's geographical isolation from the rest of the United

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States and the major distances between cities within the state have traditionally created supply shortages and "bottlenecks" in the distribution of goods in Alaska.

With respect to public goods (electricity, sewerage, telephones, police and fire protection, etc.) the Alyeska project has also drawn away needed skilled labor. Many public officials and employees have left their positions because of higher paying opportunities in the private sector. Moreover, the revenue shortfall described above has meant that governmental agencies simply have not had adequate funds to provide services demanded by the expanded population nor to increase public salaries.

While the entire spectrum of private and public services has been strained by Alyeska construction, the more important impacts have been on housing, utilities, public safety and education. The following descriptions of the impacts within these four areas are representative of the Alyeska impact on other services as well.

1. Housing. As is well publicized, the clearest example of a shortage of private goods in Alaska today is housing. As in the rest of the United States, the state housing industry is primarily private. The private sector is responsible for the financing of far more homes than is the public sector and even publicly financed or subsidized homes and apartments are built by private industry. Moreover, federally subsidized housing programs are designed for cities in the lower 48 states, and often are not able to address the Alaskan housing

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problems.

In addition, the quality of housing in Alaska has always been sub-standard. The high cost of construction, the widespread poverty in Alaska (especially in rural and native communities) and the state's enormous size and small population all contribute to Alaska's ranking far below the U.S. national average in every index of housing quality.

The housing vacancy rate in Fairbanks and Valdez is nearly zero. Though the housing construction capacity of these cities (and elsewhere in Alaska) is clearly increasing, new housing starts still are falling far short of local housing needs. As projected by the April, 1975 housing market survey, for the U.S. Department of Housing and Urban Development, a total of 1,065 apartments and 665 single family homes will be needed in Fairbanks by 1977.

However, only 212 apartments and 412 single family units were begun in Fairbanks in 1975. The number of new apartments actually begun in 1975 comprised only 21% of the HUD estimated needs. Moreover, since the great majority of housing units in Fairbanks are rental units (60% versus 40% for owner-occupied units), this small (21%) percentage of estimated need for apartments is especially critical.

With respect to single family units, the number of such units actually begun in 1975 comprised 62% of the HUD estimates of need. However, this statistic makes the supply/demand imbalance appear

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less serious than it is. First, the prices of the units built may not be "equilibrated with" or match the price range of the single family housing units actually needed. Second, it is likely that the HUD estimates of need seriously under-estimate the future housing demands of Fairbanks. The HUD estimates are based on projections of population for Fairbanks which, in fact, are too low. The population projected by HUD for 1977 is less than the current population.

THE COMMISSIONER: Excuse me Mr. Boorkman. I think I understood you but maybe you would just elaborate for a moment. You said the prices of the units built may not be equilibrated with or match the price range of the single family housing units actually needed. Is that to ensure there will be no competition with private industry. Have I got that right?

A It is simply saying that the units being constructed may not match the demand, and that there is a lag between the time at which the demand occurs and when houses are built and in the intervening period the characteristics of the demand may shift. So, you're building houses for a demand whose characteristics has changed. You may have a lot of single people coming into a community when what you have been building for the last couple of years are family housing with multi-bedrooms.

Q When housing completions are to satisfy a demand that may be a year or two in the past.

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A Right.

Q I understand. Sorry.

WITNESS J. WEINSTEIN: Part
of the difference is having to do with cost of the
house -- the price on the market. All these are private
market units. They're not necessarily -- in fact,
this speaks only to private units. It does not speak
at all to publicly constructed units.

Q Yes.

A In fact, Fairbanks has
very few, if any. The problem of mis-match is the fact
that a unit may go on sale for say \$80,000 but the
family or the individual can only afford \$60,000 so
there's a unit. It's vacant. It's available, but
nobody can afford it. So that's the mis-match.

WITNESS BOORKMAN: Yes.

You really have two kinds. When you have units that don't
match the needs of the families or individuals coming
into the community and you have a price mis-match --
housing that costs more than the people can pay, despite
the fact it may meet their space requirements.

Just to point out the issue
on public subsidized housing, we say it briefly in
here, but the general experience is that as I am sure it
must ^{be} true in Canada, that many federal programs in the
United States are designed for major cities in the lower
48 and simply don't translate very well to Alaska. There
have been many constraints especially in the financing
through HUD's financing provisions for housing which

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have not applied and have not worked well at all in Alaska and the recent decline in the United States's commitment to subsidize housing generally has also had an impact in Alaska.

Q Sorry, I guess I wasn't thinking very clearly when you said "may not be equilibrated with". I thought there was a provision of statutes.

A That was to see if everybody was awake this morning.

Utilities. The utilities system in Alaska have also been over-loaded, especially in the Fairbanks area. The newly completed sewer system in Fairbanks has the capacity to serve only the pre-boom population. There are no plans to expand it beyond this capacity. Sewer service is available only within the city limits although much of the current population and industrial expansion are located in the North Star Borough and therefore are not served by the existing sewage or water system.

In many of these areas, discontinuous permafrost is also a problem. Electrical service to the City of Fairbanks is provided by the Municipal Utilities System (MUS) while Golden Valley Electrical Association (GVEA) provides power to the borough. The MUS depends almost entirely on coal for its fuel but GVEA is dependent upon both coal and oil. MUS has been able to operate without interruptions this winter, primarily because its supplies have been consistent and the demand for power has been relatively

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1 stable since most of the local growth has occurred in
2 the Borough, outside of the city limits.

3 The GVEA however has had two
4 power outages in December and has urged its customers
5 to purchase home generators for future emergencies.
6 GVEA has had problems both with the supply of oil from
7 Tesoro and the rapid increase in demand within its
8 service area. In addition, the severe winter peak in
9 demand for electrical service is far greater in Fairbanks
10 than in the lower 48. GVEA and MUS must make capital
11 expenditures large enough to supply the heavy peak
12 winter demand for lighting and heating. However,
13 demand during the rest of the year is far lower and
14 much of the capacity of the electrical system is unused.
15 In fact in April of 1975, GVEA announced that there
16 would be a moratorium on new electrical heat installations,
17 and GVEA's general manager attributed this decision to
18 the winter peaking for the electric load.

19 Telephone service in Fairbanks
20 is often erratic at best. The system is a relic of
21 the town's growth during World War II. Moreover, the
22 system was seriously damaged during the floods of the
23 mid-sixties and has never been adequately repaired.
24 The Alyeska induced population growth has simply
25 placed additional strains on an already inadequate system.
26 The quest for new telephone connections are simply
27 deferred and the back-log doubled in the past year.
28 Complaints have increased 69% while service orders
29 completed have actually declined 20%.

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Public Safety. Crime

statistics in the United States in general and in Alaska in particular are not totally reliable indices of criminal behaviour. The reporting techniques vary from jurisdiction to jurisdiction, as do the emphasis which criminal justice officials in different areas give to the enforcement of various types of criminal laws.

Nevertheless, the statistics that are available indicate that, contrary to public opinion in sections of the lower 48, crime in Alaska has risen no faster than the increase in population. In other words, there does not appear to be a crime wave caused by Alyeska construction.

Statewide crime statistics -- that's a typo -- are compiled by the Federal Bureau of Investigation (F.B.I.) However, there are long delays in gathering the necessary information, and the latest statewide crime statistics available are for 1974 only. The 1975 statewide statistics will not be available until August of this year. However, crime statistics up to and including 1975 are available for specific jurisdictions within Alaska.

Current reports are available from the Division of State Troopers (Department of Public Safety). The State Troopers are responsible for law enforcement in all areas of Alaska which are not served by municipal Police Departments or federal agencies. Their area of responsibility includes approximately 98% of the land area of the state, and 50% of the

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total population. According to the annual report published by the Department of Public Safety on January 22, 1976, the number of major (Part I) offences reported to the State Troopers increased only by 24.7% from 1973 to 1975. (Part I crimes include homicide, rape, robbery, burglary, larceny and auto theft). Although statewide population statistics are not available for those areas under the jurisdiction of the State Troopers, it is probable that the population of those areas increased by approximately 25% from 1973 to 1975.

All other offences reported to the Troopers (minor or Part II crimes) increased more rapidly from 1973 to 1975 -- at a rate of 35.6%. However, the increases in some of these minor categories may well be the result of changed attitudes concerning what is or is not a crime. For example, in many communities of Alaska carrying and possessing a concealed weapon has traditionally not been considered criminal activity. However, because of Alyeska-induced population growth and increased social tension, many law enforcement agencies now regard carrying and possessing a weapon as a criminal offence. Table 2 shows the growth of Part I and Part II offenses reported to the State Troopers from 1973 to 1975.

In addition, the Fairbanks North Star Borough Pipeline Impact Information Centre has reported on the increased number of criminal complaints filed with the Fairbanks Police Department. Criminal complaints have increased 93% between 1973 and 1975, according to the Information Centre. However,

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as stated above, the population of the North Star Borough increased 66.3% during these same two years. In addition, most of the large increases in complaints occurred in categories that had extremely few complaints in 1973 and earlier years (carrying and possessing a weapon, interfering with a police officer, and prostitution). As mentioned previously, it is very likely either that the Fairbanks community as a whole and its law enforcement personnel are now reporting activities that previously were not considered criminal, or it is likely that there have been shifts in community attitudes about the seriousness of various types of anti-social behaviour.

Education. The one area in which Alyeska impact has not been as great as projected is education. Though the school systems in Fairbanks, Anchorage and Valdez have all been strained, the problem has been less serious than had been anticipated. Statistics showing the increase in students are readily available. The High Schools in Fairbanks are in double session, and enrollment in Valdez increased by 171 last year to a current level of 812. On the other hand, the increase in the number of students has been, on the average, more moderate than projected. Enrollment in the Anchorage school system has risen from 35,871 in 1973 to only 40,277 last year; and a number of children enrolled in the Fairbanks school system actually declined from 9,021 in September 1974 to 8,843 in May 1975.

Obviously a relatively small number of the in-migrants are bringing their children

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to Alaska. The Fairbanks North Star Borough Pipeline Impact Information Centre reports that the ratio of new children in Fairbanks to pipeline workers fell throughout most of '74 and '75, reaching a surprisingly low ratio of 1 to 131 in June, 1975. Moreover, in URSA's own in-migration study it was found that state-wide only 9.9% of all new in-migrants to Alaska were bringing their children, far fewer than had been anticipated.

Inflation. Though the cost of living in Alaska has always been higher than in the U.S. as a whole, until the Alyeska boom the differential between Alaska and the lower 48 had been decreasing. However, the inflation rate in Alaska and in Anchorage in particular is now greater than in the lower 48, and thus the differential in the cost of living between Alaska and the U.S. is now increasing. The cause of Alaskan inflation during the Alyeska project has been both demand pull (for example the housing shortage) and cost push (for example, the high Alyeska wages). Moreover, though the cost of living in Fairbanks has always been higher than Anchorage, it now also appears to be increasing at a faster rate.

The data supporting these statements are incomplete, since the U.S. Bureau of Labor Statistics (B.L.S.) does not survey either Fairbanks or the entire State of Alaska. The only complete survey is a consumer price index compiled for the Anchorage metropolitan area. According to the Anchorage C.P.I., the cost of living in Anchorage rose

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1 13.8% in 1974 and 11.1% in 1975 -- rates far above
2 the U.S. average.

3 THE COMMISSIONER: What was
4 the U.S. average?

5 A In 1975 it was 7%, as
6 I recall, and in 1974 it was -

7 WITNESS D. WEINSTEIN: For the
8 last year ending in April the U.S. average was 6.1%.

9 THE COMMISSIONER: That's '75.

10 WITNESS BOORKMAN: But it's
11 not a calendar year '75.

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respect to the cost of living in Fairbanks, the University of Alaska's Institute for Social, Economic and Government Research has calculated that the cost of goods and services in Fairbanks is 12 percent greater than in Anchorage. Similarly, Fairbanks construction costs have been estimated by the military to be 20 percent higher than in Anchorage.

Further, as stated above, inflation in Fairbanks is also now substantially higher than in Anchorage. The Fairbanks North Star Borough Pipeline Impact Information Center has conducted market basket surveys for Fairbanks starting in September 1974. Comparing the result of these surveys with comparable market basket surveys for Anchorage, it appears that in the last quarter of 1974, Fairbanks food prices increased 6 percent, Anchorage's food costs for the same items in the same time period increased 3.7 percent. Even more dramatic is the difference between the two cities during the first six months of 1975. While Anchorage's food cost increased only 1.9 percent, the cost of food in Fairbanks increased 10 percent.

Housing, of course, is the most well known example of inflation. The impact information center in Fairbanks also conducts rental housing surveys and in a recent survey -- and a recent survey shows that between December, 1974 and December 1975, the average rents in Fairbanks increased approximately 50 percent. Moreover, the number of apartments

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1 advertised for rent dropped from 112 in December, 1974
2 to 82 in December, 1975.

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4 Small village impact. The
5 Alyeska project has had an impact on the small villages
6 in the state, but no detailed survey of that impact
7 has been conducted, only some general statistics are
8 available. A survey of fifteen small villages, completed
9 in June, 1975 indicated that the percentage of rural
10 people, currently or previously employed on pipeline
11 work is low, ranging from 22.2 percent of the total
12 population for Allakaket to 2 to 3 percent for Nenana
13 and Anderson. Many natives also complain about the
14 difficulty of obtaining pipeline work, since most
15 unions require that all employees register at the
16 union hiring halls in Fairbanks and be present at
17 the hiring halls when a call for employment is made.

18 In addition to the expense
19 and difficulty of travelling to Fairbanks, rural natives
20 have been dissatisfied with the lack of information
21 concerning pipeline employment. The union hiring hall
22 procedures and the relationship between the various
23 federal state and private native organizations, such
24 as the Alaska Federation of Natives, the Bureau of
25 Indian Affairs and the State Department of Labour.

26 THE COMMISSIONER: Mr. Boorkman,
27 when you say, when you refer to small village impact,
28 and then you refer to the percentage of rural people
29 in two villages employed on pipeline work, would rural
30 villages in Alaska be essentially native villages?

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A Yes.

Q That's the same thing,
really?

A Yes.

Despite this low percentage of rural native employees, the pipeline is having a significant effect in terms of loss of manpower and leadership. Decreased tax revenues and poor transportation services for the rural villages.

Those natives who leave their communities to seek pipeline employment often are the most talented and take with them vital skills, such as the ability to maintain the local pumphouse and/or generator. This migration of skilled native workers away from the villages, has, in some communities, resulted in a leadership vacuum, since the skilled workers who leave are also often the community leaders.

In addition, the loss of village population has created both a smaller tax base and also a diminished cash flow. Since much of the income earned on pipeline or pipeline related employment is spent in the larger cities.

Finally, the Alyeska Pipeline has directed plane service from small rural villages and has caused less frequent mail and freight deliveries.

Q Maybe you
wouldn't mind reading that footnote, just before we
pass on.

A Yes. Statewide, a signifi-

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1 cant number of natives have been hired by Alyeska. It
2 has been estimated that 5,100 individual natives have
3 worked for Alyeska and that 8,000 total jobs have been
4 filled by natives. These totals are the result of the
5 four major native employment programmes now in effect
6 in Alaska.

7 One, the Alaska Plan, an affirma-
8 tive action plan signed by labour unions, pipeline
9 contractors and subcontractors and various governmental
10 agencies.

11 Two, the Equivalency panels,
12 which certify natives as qualified union journeymen
13 or apprentices on the basis of equivalent past work
14 experience.

15 Three, the two minority employ-
16 ment programmes signed by the Alyeska Pipeline Service
17 Company itself and approved by the U. S. Department
18 of Interior.

19 Four, the state operated
20 Alaska State Manpower Utilization system, ASMUS, which
21 coordinates various native employment and training
22 programmes and which travels to rural native villages
23 in order to induce natives to fill out state job
24 application forms.

25 Let me point out that the
26 statistics in there are statistics that are from very
27 preliminary data gathered by the University of Alaska,
and as yet no detail is available, and the reliability
of those and the implications, I don't think are clear
to date.

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THE COMMISSIONER: Average
length of employment and type of occupation.

A We don't know that, and
it's hard to tell whether the 5,100 natives versus
the 8,000 jobs implies upward mobility. Some people
are taking higher and higher paying jobs, or if it
reflects turnover where people stay on the jobs only
a short time. You could be right either way and until
we have more detailed data we shouldn't give too much
weight to those statistics.

Three, socio-economic context
of pipeline impact in Alaska. The preceding section of
this testimony describes some of the recent impact
associated with the construction of the Alyeska Pipeline.
This impact is currently posing serious problems for
the state of Alaska and it is, naturally, a major
concern for Canadians who were responsible for antici-
pating a socio-economic consequences of major develop-
ment projects in the Northwest Territories.

Implicit questions have run
through the hearings in Yellowknife. Will the negative
impacts of the Alyeska project be repeated in the
Northwest Territories? Is serious dislocation of
the social and economic environment inevitably associated
with a major pipeline project in the north?

The questions go to the --
these questions go to the heart of this Inquiry, but
it is clear that simplistic answers will serve no one.
Instead, the need is for a conceptual framework that
will make it possible to understand the underlying

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reasons for what has happened in Alaska.

This section of the testimony will discuss the factors which have created the current socio-economic impact in Alaska. It speaks to the question, what is the socio-economic context which has shaped Alyeska impacts? And implicitly, it addresses the question as to whether gas pipeline impacts in the Northwest Territories will parallel oil pipeline impacts in Alaska.

The current socio-economic environment of Alaska has been primarily shaped by the recurrent dynamic of population in-migration during boom periods in general and during Alyeska construction in particular. An explanation of this in-migration and the state's inability to plan for and mitigate its negative effects is essential if one is to understand the Alyeska impacts. This portion of the testimony describes three aspects of this in-migration. The historical pattern of population in-migration, the current in-migration, induced by Alyeska and the influence of in-migration upon Alyeska impacts.

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historical patterns of population in-migration. Historically, the most significant factor which has characterized the socio-economic environment of Alaska is the degree to which highly visible economic development has led to major boom periods, during which thousands of people have entered the state. The population of Alaska, like any other growing area, continually increases because of normal in-migration. However, during boom periods, in-migration to Alaska has increased at a vastly accelerated rate. These major economic boom periods have been characterized by (1) a massive population in-migration in response to the boom, and (2) a levelling off phase as the boom has subsided and some out-migration has occurred.

Alaska's susceptibility to such boom-related in-migration is well-documented. At least four significant boom periods occurred prior to the discovery of oil and gas at Prudhoe Bay, and they have operated to expand the population of Alaska from an overwhelmingly native population of 33,000 in 1880, to an overwhelmingly non-native population of 302,173 in 1970.

The state's first major population boom was caused by the Alaska gold rush of 1898. It drew thousands of new residents to Alaska and nearly doubled the state population between 1890 and 1900. The second major boom was closely tied to the rapid population -- to the rapid buildup of U.S. military presence

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following World War II. Military population growth and the resulting civilian in-migration which it stimulated served to nearly double the Alaskan population once again. Between 1940 and 1950, the population of the state grew from approximately 73,000 to nearly 130,000.

The third major boom occurred during the 1950s with the construction of the DEW Line and other military facilities, and the population between 1950 and 1960 jumped once again, from approximately 130,000 to 226,000. Finally although the military population of the state declined slightly between 1960 and 1970, the discovery and production of oil and gas on the Kenai Peninsula in the 1960s sustained the fourth major population boom in the state.

THE COMMISSIONER: That's in the Gulf of Alaska.

A Yes. Boom-related in-migration to Alaska is caused by a variety of factors. Alaska has a special significance for residents of the United States. It is the last frontier in America, an historic safety valve, and it continues to represent a place in which a new start can be made, and in which it is still possible to make a quick fortune. In addition, although Alaska is much less developed than other states, it does have a socio-economic infrastructure that makes the state more attractive to potential in-migrants than other less developed areas. Finally, there is no constitutional way for either the Federal or State Government to control the movement of residents from other states to Alaska. Any person can

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migrate to Alaska, live there for 30 days, and then for the purpose of voting in Alaska, constitutionally claim that he is an Alaskan resident.

Alyeska-induced population in-migration. Since the discovery of oil and gas at Prudhoe Bay, Alaska has experienced two more population booms. The first was a false boom which occurred in 1970 to 1972. Triggered by the discovery of North Slope petroleum deposits, the sale of oil and gas leases, and the anticipation of imminent oil pipeline construction, the state economy experienced rapid growth and many residents of the lower 48 states in-migrated to Alaska in search of high-paying jobs. Although the initiation of pipeline construction was delayed and economic decline resulted from the delay, the false boom provided a foretaste of the Alyeska boom that was to follow. It reaffirmed the degree to which boom-related in-migration continues to be a factor in Alaska.

The current boom being experienced in Alaska is tied to the construction of the Alyeska Oil Pipeline. The special characteristics of Alaska, the widespread publicity and immense magnitude of the Alyeska project, and the prospect of high paying pipeline construction jobs have combined to attract tens of thousands of in-migrants from other states. Massive in-migration to Alaska started when large-scale Alyeska hiring began in 1974, and continued through most of 1975. URSA's survey indicates that as many as 56, 000 people may have in-migrated to Alaska in 1975 alone. Moreover, it is highly likely that the period of large-scale Alyeska-

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induced in-migration extended over a two-year hire up
period, 1974 and '75. Thus our survey for 1975 documents
only a portion of the total population in-migration
caused by Alyeska.

The Alyeska induced in-migration
has been aggravated by three crucial factors:

- (1) local or resident hire
- (2) the location of the union hiring halls in Fairbanks,
- (3) the lack of adequate state planning.

These three factors have operated to intensify the
level of Alaska's historic in-migration problem and to
exacerbate the negative impacts caused by Alyeska.

With respect to the first
factor, political reality in Alaska made it inevitable
that local or resident Alaskans would be given preference
in the hiring of pipeline workers. Thus, the Local Hire
Act was passed in 1972, mandating that for the purposes
of oil and gas leases, Alaska residents were to be
given preference for new jobs. The Act has been enforced
primarily by the hiring of Alyeska workers out of the
local Fairbanks union hiring halls. The role of the
Fairbanks unions has been the second crucial factor in
the Alyeska-induced population in-migration. In order
to secure an Alyeska job, one has had to travel to
Alaska and to Fairbanks in particular. As URSA's in-
migration survey documents, tens of thousands of people
have in fact in-migrated to Alaska in search of work.
In all likelihood, many of these in-migrants immediately
claimed that they were Alaskan residents (as required
by the Local Hire Act) and then sought Alyeska employment.

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1 Many other in-migrants sought and found secondary and
2 indirect, as opposed to direct, Alyeska jobs, and still
3 others found employment by filling vacancies created
4 when existing Alaskan residents left their jobs for
5 Alyeska-related work.

6 Finally, the third crucial
7 factor which has increased the level of in-migration
8 was the lack of adequate state planning. The state, in
9 the Local Hire Act, insisted that resident Alaskans be
10 given preference for Alyeska jobs; yet the state did not
11 until it was too late create the enforcement mechanisms
12 necessary to ensure only -- that only bona fide Alaska
13 residents (instead of recent in-migrants) were actually
14 given preferential employment opportunities. Moreover,
15 by encouraging the hiring of nearly all of the Alyeska
16 workers at the local Fairbanks union halls, the state
17 implicitly required that residents of other states
18 seeking pipeline work come to Alaska to qualify for
19 those jobs.

20 These three factors -- the
21 Local Hire Act, the hiring by the Fairbanks unions,
22 and the lack of adequate state planning - have been
23 crucial in causing the high level of in-migration
24 during the Alyeska boom period. Each of these factors,
25 and the role each has played in inducing in-migration,
26 is discussed in greater detail on the preceding pages.

27 Local hire. When the Alaska
28 State Legislature considered the thousands of jobs
29 which were to be created by the Alyeska Pipeline, it
30 responded in a normal political manner. It attempted

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1 to ensure that as many of those jobs as possible went
2 to existing Alaska residents. The Local Hire Act was
3 passed by the State Legislature in 1972, and it states
4 that Alaska residents must be given employment preferences
5 in projects relating to oil/gas leases. A resident is
6 defined as one who:

7 (1) except for brief intervals of military service has
8 been physically in the state for a period of one year
9 immediately prior to the time he enters into a contract
10 for employment.

11 (2) maintains a place of residence within the state.

12 (3) has established a residency for voting purposes
13 within the state, and

14 (4) has not within the period of required residency,
15 claimed residency in another state, and

16 (5) shows by all attending circumstances that his intent
17 is to make Alaska his permanent residence.

18 From Section 38.40.090 of the Alaska Statute.

19 Despite the very specific
20 definition of an Alaskan resident in the Local Hire
21 Act, the enforcement of this Act has remained a problem.
22 Theoretically, the Fairbanks union hiring halls have
23 been obliged to give preference in hiring to all long-
24 term resident Alaskans as defined by the Local Hire
25 Act. However, in practice, the unions have given prefer-
26 ence to persons who have claimed Alaskan residency, but
27 who have not strictly met the special qualifications
28 of the Act. For example, traditionally the prime
29 evidence of one's Alaska residency has simply been the
30 possession of an Alaska driver's licence, and in order

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1 to obtain such a licence all one had to do was to give
2 some basic personal information such as one's name,
3 address and birth date, and then pay a nominal fee.
4 This can be done on the day one arrives in Alaska.
5 Moreover, for the purpose of voting in Alaska, a new
6 in-migrant need only live in Alaska for 30 days before
7 he can claim his constitutional right to vote as an
8 Alaska resident. That should be "before he or she
9 can claim his or her constitutional right to vote as an
10 Alaska resident."

11 In order to remedy this
12 situation of recent in-migrants, claiming to be Alaska
13 residents, the State Department of Labour, Wages and
14 Hours Division, in March 1974, instituted a process
15 called the "certification of residency". A certificate
16 is given only to those Alaskans who can satisfy the five
17 criteria for residency set forth in the Local Hire Act.
18 Of the five criteria, the one that the Department of
19 Labor relies on most heavily is No. 5, that the person
20 "shows by all attending circumstances that his
21 intent is to make Alaska his permanent residence."
22 This criterion can be satisfied in a variety of ways,
23 such as purchasing property in Alaska, moving one's
24 family to Alaska, putting his or her children in
25 Alaskan schools, etc. Of course, the state's reliance
26 on this criterion has only reinforced the historical
27 pattern of in-migration.

28 Although the certification
29 process was instituted in early 1974, the state did not
30 initially design procedures which would ensure that

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1 only long-term bona fide residents received job
2 preference. However, today in order to receive preferen-
3 tial treatment in the hiring of pipeline workers, a
4 prospective worker must present his certificate of
5 residency card to the union. Moreover, on March 9, 1976
6 the State Commissioner of Labor ordered that all resident
7 Alaskans, no matter how low their union seniority is,
8 who have received a certification of residency, must be
9 dispatched by the unions before any non-resident is
10 dispatched. As of January 31, 1976, 17,099 certification
11 cards had been issued by the State Departmen t of Labor.

12 The percentage of resident
13 Alaskans working on the pipeline has been substantial.
14 According to the Alaska Department of Labor, the
15 percentage of resident Alaskans working on the pipeline
16 increased from 28.4% in the third quarter of 1974 to 53.9%
17 in the fourth quarter of 1974. - Thereafter the percen-
18 tage of resident Alaskans has risen very slowly,
19 reaching 66.7% in the last quarter of 1975.
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1 These statistics may be some-
2 what inexact however. As stated above, the definition
3 of who exactly is an Alaska "resident" varies depending
4 on whether one relies on a certification of residency
5 on a worker driver's license, or on the fact that during
6 the last election a worker voted in Alaska. In all
7 likelihood, since initially in-migrants were able to
8 avoid the requirements of the Local Hire Act and still
9 claim to be residents of Alaska, the early figures over-
10 state the percentage of Alyeska workers who actually were
11 one-year residents of the state. Only recently have the
12 enforcement provisions of the Local Hire Act and the
13 certification of residency been strengthened so as to
14 ensure that one-year residents in fact receive employ-
15 ment preference.

16 However, the eventual tightening
17 of the local hire qualification process has been too
18 little and too late. The major hire-up period for the
19 Alyeska pipeline was in 1974 and 1975. It was during
20 this period that tens of thousands of residents of other
21 states entered Alaska in search of a pipeline job. With-
22 out effective enforcement mechanisms in place during
23 these critical years, the Local Hire Act did little
24 to reduce the influx of Alyeska related in-migrants.

25 Fairbanks hiring halls. If
26 spotty enforcement of local hire provisions encouraged
27 in-migration, the location of Alyeska union hiring
28 halls in Fairbanks added to the problem. The majority
29 of Alyeska construction workers have been hired at Fair-
30 banks hiring halls; and the location of the halls and

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certain
the use of seniority, registration and dispatch procedures have all been factors in the Alyeska in-migration dynamic.

The heavy reliance on Fairbanks union hiring halls obviously has meant that almost all pipeline jobs have been obtained in Fairbanks and not in the lower 48. In turn, the fact that pipeline employment can be found only in Alaska and in Fairbanks in particular has reinforced the historical tendency of people to in-migrate to Alaska during periods of rapid economic development.

The union halls perform the key functions in hiring workers to the Alyeska pipeline. The Trans-Alaska Pipeline System Project Agreement which outlines the relationship between Alyeska and most of the relevant labor unions, stipulates that pipeline contractors shall exclusively use the local unions' job referral systems. All workers are hired by union dispatch from the local union hiring hall. All but two unions (Pipeline Welders, Tulsa, Oklahoma; Operating Engineers, Seattle, Washington) have their local headquarters in Fairbanks.

Membership and seniority in local unions are the primary criteria that determine who is hired through the union hiring hall. Although Part 6 of Article VI of the Pipeline System Project Agreement states that union membership shall not be a factor in determining who is hired; in fact, all of the unions use some version of the tenured or "A-B-C" classification system for job referral.

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In general, the first workers hired are from the "A" or highest seniority list, the second group is from the "B" list and the final workers hired come from the "C" or lowest seniority list. Most unions use the three-category or "A-B-C" classification system, although some unions classify workers according to four or more categories.

Obviously, each union has a different variation of the "A-B-C" referral system. What is important is that unions have been able to control who is hired by specifying both where the prospective employee has worked (or lived) in the past and the minimum number of hours worked under union jurisdiction.

The union hiring halls control who is hired for pipeline work in other ways as well. First, most unions require that a worker register with the union in person at the Fairbanks hiring halls. Second, when a specific job call or dispatch is made, most of the unions require that the registered person be present at the union hiring hall. The job calls are generally made at the specified times on specified days of the week. Some -- but not all -- of the unions will attempt to contact a worker who has been called, but who is not present at the hiring hall when the call is made. Finally, there is a maximum 48-hour limit between the time that a contractor requests a worker for a particular position and the time that the union must dispatch a worker.

These three procedures utilized

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by the union hiring halls have simplified and centralized the hiring procedures and have allowed the unions to supply workers as efficiently and as quickly as possible. However, these procedures have also increased the level of inter - and intra-state migration of prospective workers to Fairbanks. Because of these procedures, prospective workers must be present at Fairbanks for registration, job calls and dispatch.

Lack of state planning. The third crucial element in the recent Alyeska induced population in-migration has been the lack of adequate state planning. Governmental planning in Alaska (as in the United States as a whole) has generally been less comprehensive than in other developed nations. In general, Alaska has relied more on private entrepreneurship and decision making to allocate resources and shape economic development. State planning in Alaska has tended to be short-term and non-comprehensive. This fact has had much to do with the type and intensity of Alyeska induced socio-economic impacts.

In Alaska, state planning initiatives have never focused on the key element underlying most of the Alyeska impacts -- boom-related in-migration. The state passed the Local Hire Act giving employment preference to Alaska residents. Yet the state failed to create enforcement provisions that would ensure that only people who had lived in Alaska for more than one year would in fact receive this employment preference. Thus, prospective workers in-migrated

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to Alaska, immediately claimed Alaska residency and, in all likelihood, many eventually found pipeline or pipeline related work. Only recently have the certification of residency provisions been strengthened sufficiently so as to guarantee preferential hiring for bona fide one-year Alaska residents.

In addition, by acquiescing in and encouraging the hiring of nearly all Alyeska workers out of the Fairbanks union halls, the state made it essential that people seeking pipeline work had to in-migrate to Alaska and to Fairbanks in particular. If one wanted a pipeline job, he or she had to go to Fairbanks. The fact, that, because of the Local Hire Act, these recent in-migrants did not receive job preference only exacerbated the situation. Thousands of in-migrants have travelled to Alaska in search of a pipeline job, have been unsuccessful, and have remained unemployed and dependent on a variety of state social service delivery systems.

State planning in Alaska has also been inadequate in other ways. State revenue sharing with local governments and state impact assistance have failed to mitigate many Alyeska impacts. For example, though the state did authorize special impact funds for communities most seriously affected by Alyeska construction, these impact funds were not adequate. They were designed primarily for local government operating expenses; they could be used for needed capital expenditures only if they were spent on school

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construction, re-locatable classrooms and for parks and recreation. Obviously, in many communities these restrictions on the use of revenue sharing funds did not fit local impact needs.

In summary, State of Alaska planning activities have been remedial rather than preventive. Given the massive impact caused by Alyeska induced in-migration, Alaska's remedial approach has often failed to mitigate the most serious impacts associated with pipeline development. Since the level of public services in Alaska was below the level in the lower 48 even before the Alyeska construction began, the Alyeska project has exacerbated the public service deficit in Alaska.

Influence of in-migration upon Alyeska impacts. The historical phenomenon of in-migration has been repeated during the years of the Alyeska boom. Moreover, the level of this Alyeska induced population in-migration has been increased because of deliberate policies that were primarily designed to give resident Alaskans preference for Alyeska jobs. These policies (Local Hire Act and the hiring by the Fairbanks unions) together with inadequate planning by the State, resulted in tens of thousands of people in-migrating to Alaska. It is this large-scale population increase, spurred by the Alyeska induced in-migration that has caused and shaped the negative Alyeska impacts described in Part II of this testimony.

For example, historically

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during periods of boom related population in-migration, the number of unemployed in-migrants has exceeded the number of new jobs created. This historical pattern has been repeated during the Alyeska boom. The number of unemployed workers throughout the state increased from 16,400 in January, 1975 to 22,900 in January, 1976. The statewide unemployment rate also increased from 10.8% to 12.2% during this same period.

Unemployment and unemployment rates vary significantly in Alaska over the course of a year due to extreme seasonality in unemployment. However, the increase in unemployment in Alaska due to Alyeska can be documented, no matter what time of the year one chooses. For example, from October 1974 to October, 1975 the number of unemployed workers increased from 10,850 to 14,400. At the same time, the unemployment rate rose from 6.9% to 7.9%.

Even in Fairbanks, where pipeline activity has been the most intense, the total number of unemployed workers also increased last year.

Similarly, the current mismatch between jobs that need to be filled and the skill of the available labor pool can be directly traced to in-migration. Because of the emphasis on local or resident hire, thousands of resident Alaskans have left their jobs to take higher-paying Alyeska related jobs. In turn, the vacated jobs have been filled by recent in-migrants. But many of the recent in-migrants do not have the requisite skills needed for the vacated jobs. In other words, the emphasis on local hire and the

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1 The Alyeska induced in-migration
2 also placed new demands on all private and public
3 goods and services. In essence, the demand curve for
4 these goods and services was pushed outward because
5 of the tens of thousands of new in-migrants, while at
6 the same time, the supply curve remained constant or
7 inelastic. The supply of such essential goods as
8 housing, telephones and sewer systems simply could not
9 be expanded rapidly enough to satisfy the demands of
10 Alaska's new residents. The housing vacancy rate in
11 Fairbanks is approximately zero, the sewer system in
12 Fairbanks is large enough to satisfy the needs of only
13 the pre-boom population and complaints about the
14 Fairbanks telephone system increased 69 percent last
15 year while service orders actually declined 20 percent.

16 Another aspect of the inbalance
17 between the demand for and the supply of private and
18 public goods and services, is the extremely high rate
19 of inflation in Alaska. Until the Alyeska boom the
20 inflation rate in Alaska had actually been less than
21 the rate for the United States as a whole. However,
22 the cost of living in Alaska is now increasing at a
23 far higher rate than for the nation as a whole.

24 According to the U.S. Bureau
25 of Labour Statistics, the consumer price index for
26 Anchorage rose 13.8 percent in 1974 and 11.1 percent
27 in 1975. The C.P.I. for the U.S. in 1975 was approxi-
28 mately 7 to 7 and a half percent.

29 I'm reminded that's from
30 April '75 to April '76, it's 6.1 percent so it's declining

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in the United States while it's rising or it has been almost double the rate in Alaska.

Overall, the rapid population in-migration has meant that thousands of newly arrived people have had to be provided with necessary goods and services. Moreover, the influx of unemployed in-migrants has meant that vast amounts of public monies have had to be spent on providing costly social services.

The high rate of inflation has meant that the dollar cost of supplying all these goods and services has escalated rapidly and the lag between increased tax revenues and increased population has meant that new resources of public financing have had to be found.

Given the demand for goods and services by a vastly increased state population, it is easily understandable why state expenditures from the general fund, unrestricted revenue, grew from 204.0 million in the fiscal year 1971 to 333.3 million in the fiscal year 1975 and is projected to grow to 674.4 million in the fiscal year 1977. This growth in state expenditures has financed a rapid expansion in state and local government employment. State government employment alone has grown from an average of 10,300 in 1970 to 15,400 in 1975 and local government employment has grown from 8,100 to 13,400 during the same period.

The increase in state expenditures has also meant that the 900 million dollars that the state of Alaska received from the sale of oil and gas

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leases at Prudhoe Bay would be spent quickly and in fact, as of spring, 1976, all of the 900 million dollars had been spent. Although it was logical and politically inevitable for the state to spend this 900 million dollars in lease monies for new services in a time of major impact, instead of investing the funds, or placing them in a permanent fund, the expenditure by the state accentuated the inflationary pressures generated by the Alyeska project.

Finally, the pay-off or benefit resulting from the expenditure by the state, of the 900 million dollars, was seriously diminished by the large scale population in-migration. The monies were spent providing new services or simply maintaining old ones to an expanded state population, instead of improving quality and quantity of services to an existing population.

Once again, the Alyeska induced population in-migration was responsible for diminishing the positive aspects of the Alyeska project and accentuating the negative.

In summary, virtually all of the socio-economic impacts associated with the Alyeska project, inflation, shortages of vital goods and services, revenue shortfalls, are tied to recent and massive population increases. Clearly, far more than 56,000 people entered the state as in-migrants during the two year Alyeska hire^{up} boom in 1974 and 1975. To understand the Alyeska impacts therefore, it is essential to understand the historic in-migration dynamic of

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Alaska, a dynamic grounded on a boom psychology in which residents of the lower 48 have traditionally thought of Alaska as a place in which quick fortunes can be made. A dynamic accentuated by the location of hiring halls for the Alyeska project in Fairbanks and most importantly, a dynamic which was not mitigated by careful state planning before the Alyeska project began.

The impacts caused by the construction of the Alyeska pipeline can be understood only if placed within the socio-economic context of Alaska, and the most important factor in Alaska's socio-economic environment is the recurring historical phenomenon of population in-migration. This phenomenon has once again taken place during the years of peak Alyeska construction.

The level of Alyeska induced population in-migration from the lower 48 has been unintentionally, but nevertheless greatly increased because of policies which were intended to give resident Alaskans employment preference in the hiring of Alyeska workers. The Local Hire Act and the role of the Fairbanks unions made it essential that people in the lower 48 who desired Alyeska jobs in-migrate to Alaska simply because most of the pipeline jobs which were available could, in fact, only be secured in Alaska.

The state of Alaska exacerbated the problems caused by in-migration by not foreseeing that the very policy that it favoured, a poorly enforced Local Hire Act and a hiring by the Fairbanks unions would

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1 also cause negative impacts. Moreover, the state's
2 remedial efforts that were designed to mitigate the
3 impacts of the large scale in-migration, such as special
4 impact assistance funds and the certification of
5 residency were either seriously flawed or ^{else} implemented
6 too late to be truly effective.

7 The large scale Alyeska
8 induced in-migration led directly to the negative impacts
9 which were described in part two of this testimony
10 and which are well known throughout the United States
11 and Canada. The high rate of employment, the mismatch
12 between the skills of the in-migrants and the skills
13 needed to fill existing jobs, the lag between increased
14 public expenditures and increased tax revenues, the
15 strain placed on the supply of a variety of private
16 and public goods and services and finally the high
17 rate of inflation in Alaska, all can be traced to the
18 recent population in-migration.

19 In short, one must be extremely
20 careful about saying that the Alyeska project caused
21 certain impacts in Alaska. The impacts described in
22 part two of this testimony were critically shaped and
23 controlled by the entire socio-economic environment
24 of Alaska. If there had been no large scale population
25 in-migration, the impacts associated with the Alyeska
26 project would have been far different.

27 It is not correct to assume
28 that a pipeline construction project in the Northwest
29 Territories will necessarily produce the same impacts
30 as did Alyeska. What is crucial in determining the

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1 impacts of any comparable project, is the entire socio-
2 economic environment of the area in which the project
3 is to be built.
4

5 To the extent that the socio-
6 economic environment of the Northwest Territories is
7 different from Alaska's, both the impacts associated
8 with any future construction project and the policy
9 that should be formulated in order to mitigate possible
10 negative impacts will also be different, thus, any
11 analysis of pipeline impacts in the Northwest
12 Territories must address such questions as, what is
13 the socio-economic context in the Northwest Territories?
14 Does the Northwest Territories have a historic in-migra-
15 tion dynamic similar to that of Alaska. Given past
16 experience, will a major construction project in the
17 Northwest Territory lead to large scale in-migration?
18 Will the hiring for the pipeline project occur in the
19 Northwest Territories?

20 WITNESS TRUSTY: Relating the
21 Alaska to the Northwest Territories and the Arctic Gas
22 project Mr. Boorkman has described the complex cause
23 effect relationships that exist in Alaska with respect
24 to the impacts that are commonly attributed to the
25 Alyeska project. Implicit in his presentation is
26 the fact that it is dangerous to ignore or downgrade
27 the importance of the socio-economic setting in which
28 a project takes place and the various dynamic elements
29 that ultimately determine both the positive and the
30 negative effects. The obvious danger is that of
leaping to the conclusion that impacts of the kind

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1 and magnitude experienced in Alaska would automatically
2 result from a comparable project in the Mackenzie
3 Valley. More important is the fact that a failure to
4 properly appreciate the real cause effect relationships
5 in Alaska can lead to a failure to develop and implement
6 the policies and procedures that may be required to
7 ensure that an Alaska type situation does not develop
8 in the Mackenzie Valley.

9 Much of the testimony that
10 will be presented by subsequent panels will provide the
11 basis for our view, that the Arctic Gas project will
12 not create an Alaska type situation in the Mackenzie
13 Valley. This is not to say that some of the same kinds
14 of impacts will not be present. Rather, we believe
15 that in view of the basic differences between the two
16 regions and the projects themselves, and with the
17 implementation of appropriate measures, the magnitude
18 and therefore the seriousness of those impacts that
19 could occur will be greatly reduced.

20 Since subsequent testimony
21 will deal in detail with specific impacts and mitigative
22 measures, I would like at this point to focus on the
23 question posed at the end of Mr. Boorkman's testimony
24 with regard to the socio-economic context in the
25 Mackenzie Valley, particularly the question of massive
26 in-migration that has been so critical in the case
27 of Alaska.

28 To properly round out the
29 picture, I will also be noting the key mitigative measures
30 that will be dealt with in detail at a later stage.

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Since much of the basic socio-economic context material has been presented in one form or another by other witnesses, or is relatively well known to the participants and to you sir, I will be brief.

Population and in-migration.

As Dr. Hobart pointed out, the population of the Northwest Territories has grown steadily since the early 1900's to a level about six times what it was 60 years ago. The components of this growth have included a relatively high rate of natural increase, particularly among native residents, plus in-migration from southern Canada. However, there have been very few surges in this growth due to in-migration and no declines as a result of out-migration. In fact, analyzing the period 1941 to 1955 and five year periods from 1951 through 1971, it is apparent that only in 1941 to 1951 did in-migration exceed natural increases as a component of population growth.

The in-migration that has occurred has not been insignificant relative to the total population. The key point, however, is that in-migration of new residents as opposed to transients has been geared primarily to long term development activities, for example, as Dr. Hobart pointed out, in-migration was associated with the opening of the Yellowknife and Echo Bay mines. Similarly, there was in-migration associated with the growth in the transportation sector.

In recent years the occurrence

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1 In other words, there has not
2 been rapid and massive in-migration of permanent resi-
3 dents with resultant unemployment and unmanageable
4 pressures of the type experienced in Alaska.

5 There have, of course, been
6 resource development and other projects that have
7 required large numbers of transient workers from the
8 south. Evidence on this type of transient in-migration
9 has already been placed before the Inquiry with respect
10 to the Yukon and the building of the Alaska Highway.
11 Similar situations existed in the case of the DEW
12 Line and most recently the petroleum industry activities
13 in the delta region.

14 Again, however, the situation
15 has been very much different than that in Alaska.
16 Unlike Alaska, transient workers in the Canadian north
17 have operated primarily from construction camps, did
18 not establish residency status, and left the region
19 at the completion of a project.

20 The reasons for this basic
21 and critical difference in the Canadian north as
22 compared to Alaska are many and varied. Perhaps most
23 important is the fact that the Canadian northern frontier
24 is contiguous to the entire country. Not only are the
25 majority of Canadians relatively close to the northern
26 frontier, but projects are continually being undertaken
27 in one area or another. This is in comparison to the
isolation of Alaska relative to the lower 48 states. As
a result, the Canadian north does not seem to have the
same romantic connotation of a last frontier, with the

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corresponding tendency to attract a larger number of in-migrants from outside than justified by the size of a specific undertaking.

Furthermore, the relative distances result in southern centres such as Edmonton performing the logistics and supply functions that in Alaska are performed by Anchorage and Fairbanks. Apart from its effect on directly limiting in-migration to the north, the southern orientation of the supply function tends to discourage the relocation of businesses to the north, and therefore further limits in-migration. Even though Arctic Gas will be procuring some goods and services locally, a subject that we will go into in greater detail at a later stage, the basic north-south linkages will not change rapidly.

In general, the factors that have in the past prevented massive Alaska-type in-migration can be expected to continue in the future. In addition, Arctic Gas intends to attempt to directly limit in-migration during the construction phase by requiring that all non-residents are hired only in southern centres. This policy and related measures with respect to camps and the movement of personnel to and from the north on rotation or at the end of a construction season, will be presented in detail by a subsequent panel.

We are not taking the position that there will be no in-migration to the region as a result of the project. In fact, a subsequent panel will deal specifically with the anticipated growth of the

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major communities following pipeline construction. Again, there will be policies that can be implemented by ARctic Gas and the producers to ensure that the growth rates are of manageable proportions. We are, however, convinced that the massive in-migration phenomenon experienced by Alaska will not prevail in the Mackenzie Valley. This has a direct consequence with respect to the occurrence and likely magnitude of the type of impacts that Mr. Boorkman has shown to be a result of in-migration in Alaska.

The role of government. The other crucial difference between Alaska and the Canadian north is the role of government. In recent years, government has been and will continue for some time to come to be the most dominant influence on the pattern of growth in the Northwest Territories. Self-determination in government has grown steadily but slowly in the past decade, but effective control, either directly or fiscally over most important governmental decisions remains in Ottawa. The result has been a relatively closed planned economy, characterized by a high level of government participation in any activity. Growth has been steady over time, with government expenditures the leading economic growth sector. Recently this has been due in the main to federal policies for the north which call for upgrading of services and the quality of life to southern standards.

The process of government in the Northwest Territories is heavily subsidized by the more affluent parts of Canada, with annual expenditures

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on public services far outstripping annual revenues from all forms of taxation. The division of such revenue-producing powers that exist is such that the bulk of direct taxation revenue goes to the Federal Government. Since the pattern of growth has been so tightly controlled and carefully managed, one result has been a relatively high level of government planning capacity in both the Territorial and the Federal Governments, and in communities through the use of consultants. But more significant has been the widespread acceptance of the importance of planned growth. Therefore unlike some of the Alaskan communities, communities in the Territories even the larger more commercially oriented, are conscious of impacts of large-scale development and seem willing to forego some economic activity in order to avoid harmful impacts.

An example of the control process in the Northwest Territories can be seen by examining disposition of land, one of the primary factors of production. Land, with the exception of a minute quantity within the boundaries of organized settlements, is almost totally controlled by one level of government or another, and private ownership is difficult to acquire. Municipal, Territorial and Federal Governments' control over all forms of development in the Territories, especially in relation to land ownership and usage both outside and along the pipeline corridor -- the Area Development Ordinance -- will tend to discourage, if not restrict, the number of in-migrants attracted to the Northwest Territories. Leasing or buying residential

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land is much more complex and restrictive in the Territories than in Alaska; the Federal and Territorial Governments are major initiators and customers of new housing and landlords of existing housing stock, thus controlling the rental market both in availability and price; and generally, the dominant presence of both levels of government in most aspects of personal and business life will not only tend to limit the number of migrants to the Territories, but also to directly affect inflationary level of service and other effects.

Another evidence of government presence in the area of planning, a considerable amount of which has already taken place to identify the type and extent of impact on the communities in the Mackenzie Valley region arising out of hydrocarbon activities in general and the gas pipeline construction in particular. Further, there are master plans for the major communities which set guidelines for land use -- if a request does not conform with that plan there is little or no hope of approval. The Territorial Government planners may impose certain restrictions on growth, or impose a type of zoning even if the local zoning by-laws would not preclude a particular development.

This commitment to and emphasis on preplanning will not only identify expected shortfalls in community and other public services, but also provide the necessary lead time to take corrective action by all of the parties concerned.

Overall, the situation with

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1 | respect to the role of government and the restrictions
2 | on the private sector in the Canadian north are in sharp
3 | contrast to the situation described by Mr. Boorkman.

4 | THE COMMISSIONER: Well, thank
5 | you very much, Mr. Boorkman and Mr. Trusty, for a most
6 | comprehensive discussion of what has occurred in
7 | Alaska, and tentative indication of the contrasts in
8 | the Northwest Territories.

9 | Well, I think we should stop
10 | for coffee for a few minutes and then we'll continue
11 | the discussion.

12 | (PROCEEDINGS ADJOURNED FOR A FEW MINUTES)
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(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

MR. SCOTT: Mr. Lutes?

MR. LUTES: We have no questions.

MR. SCOTT: Mr. Sigler?

CROSS-EXAMINATION BY MR. SIGLER:

Q Mr. Boorkman, on page three, you give the population figures for three of the communities for Fairbanks, Anchorage and Valdez. I wonder if you could first of all fill me in on the type of system that there is for municipal government in the State of Alaska? For example, are each of those three communities municipalities?

WITNESS BOORKMAN: Yes.

Q Do they -- I take it that each of them have an elected council for their municipality?

A Yes.

Q I wonder if you could explain to the Inquiry how the municipal budgeting system works in municipalities in Alaska?

A Well, it varies considerably. One of the things that characterizes all Alaskan communities is that because of the size of the state, the small population and the diversity of that small population over an enormous face, you have a lot of areas in which there is no local government. As a result, the State of Alaska provides more -- exercises functions and provides services that normally would be provided in the lower⁴⁸ by local government.

For instance, the State Department of Education has a much more direct role in

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the running of schools than does the State of California's school system. You don't have local school districts in every community. You don't have the same local autonomy. The same is true of the budgeting process. There is less of local services provided through the local budget. As a result, the local -- is that the midnight sun?-- local government functions tend to be somewhat less important in Alaska than they are in other states.

I'm not familiar with all the details of local budgeting in those three areas. I do know that you have regional planning functions in some of the larger communities. For instance, there is a planning department for the Anchorage area which covers not just the city but the borough. There is a Borough Planning Commission in Fairbanks as well which has borough-wide responsibilities. You have a Borough Council, you have a local city government as well.

The borough structure in Alaska is all somewhat unique. You have boroughs which there is no real equivalent for in the lower 48. They are not countries in the sense that we have country government. In many areas, they are much larger. They are like regional governments. For instance, the North Slope Borough in the northern part of the state which is roughly co-terminus with the jurisdiction of the Arctic Slope Regional Corporation is a new local government having a vast area -- I forget how many square miles -- it is an enormous area that is under one

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Borough Government and a Borough Assembly is the policy making body up there. You'd also have, for instance, a Borough School District.

So, I can't tell you specifically about the budgeting process in each of the communities. There is a local budget.

Q Well say for Fairbanks. Is it a local council there or is it a more of a regional council that governs that city?

A As I said, probably the main -- the key actor in the Fairbanks area is the Borough Assembly. The Fairbanks North Star Borough has more than jurisdiction over just the city. It's a regional area around the city and it has taxing power and it has jurisdiction over various municipal functions.

Q Is it an elected council that governs that?

A Yes and there is a borough mayor. Now, there is also a city government. It has a city manager, a city council. So you have, as in the United States where you do have country government, you have over-lapping jurisdictions.

Q Would both of them have taxing power say?

A Yes, they both do. Yes. There is a city sales tax and a borough sales tax and a property tax in the borough.

Q O.K. So that there would be a borough budget drawn up by the Borough Council.

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A Yes -- Borough Assembly.

Q As well, there would be a City budget drawn up by the City Council?

A Right. For instance, we made reference in our testimony to the fact that certain municipal services don't exist outside of the city -- such as, fire protection, sewage, water. So that some services are only the responsibility of the city government while others would ^{be} the responsibility of only the Borough Government. Schools for instance are a borough-wide function. The city plays no role in developing school policy.

As in most of the rest of the United States, they have tried with somewhat erratic results in Alaska to separate functions according to the population being served. Regional functions tend to be the responsibility of a Borough Government where local municipal functions would tend to be the responsibility of the city government.

Q Was this system of boroughs and cities in place before the pipeline boom started?

A Yes, the system was in place. Not all the boroughs were in place.

Q Has the system of local government been changed any during the course of the recent --

A Yes. They've re-organized into different classes of local government than they used to. They used to have four classes of city and now they only have two. The borough in the City of

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1 Anchorage became unified, so there had been changes
2
3 but the basic system has not been altered.

4 Q I'm interested particularly
5 in Valdez in that its size is more directly related
6 to the size of the communities we have here such as
7 Fort Simpson.

8 A Yes.

9 Q Now, when the projected
10 population growths of communities like Fort Simpson
11 may be similar to the type of growth that places such
12 as Valdez have experienced. How would Valdez be classed?
13 Is it a town or city?

14 A I have never been to
15 Valdez, nor have any of us. Our primary focus has been
16 the Arctic Gas pipeline proposal and not Alyeska's.
17 I believe it is a first-class city. One distinction
18 of course is that much of the impact in Valdez is as
19 a result of the terminal facility that they are building
20 there which may or may not -- I don't know where you
21 are going to have facilities in the Northwest Territories
22 but that clearly is -- if you're talking about the
23 major impetus for impact in Valdez which is the
24 stupendous growth in its population, it has been because
25 of its location as the terminus for the Alyeska pipeline
26 system and the place from which all trans-shipment
27 of oil will be made.

28 WITNESS TRUSTY: If I can just
29 interject another point about Valdez that may be
30 important is that the original community of Valdez
was wiped out in the earthquake and the new townsite

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1 is differently located than the old townsite. So
2 you essentially had a drastic change because of what
3 happened in the physical plan. Now, I can't comment
4 on whether the governmental structure changed but
5 certainly the physical plan was changed completely.
6

7 Q But it would have its
8 own city council?

9 WITNESS BOORKMAN: Yes.

10 Q As well in the Borough?

11 A There is a city manager.
12 It has a City Council and a city manager who is the
13 chief administering officer of the city council and who
14 has responsibilities for preparing local budgets and
15 setting local priorities.

16 Q Now, is the local budgeting
17 done on an annual basis or --

18 A I don't know. I assume
19 it is. It is in all other parts of Alaska that I am
20 familiar with.

21 Q So, in Alaska the municipal-
22 ity would set a budget from year to year?

23 A So does the State, unfortuna-
24 tely.

25 Q Is there any provision
26 there for a --

27 A Of course, the capital
28 improvement budget may be a multi-year budget. If
29 you're talking about operating --

30 Q I'm talking about operating
budgets.

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A Yes. Right.

Q Is there any provision under the legislation for more long-term budgeting being done by municipalities, say two, three year operating budgets?

A I'm guessing because as I say, I don't know and I have not been to Valdez. I would imagine they have that power. Whether or not they do it, I would be doubtful given the experience of other local governments in Alaska and the State Government itself, it's very doubtful that they do more than year to year budgeting. One of the problems that clearly occurred in Alaska was that the State Department is responsible for key social service delivery systems such as the Department of Education and Department of Health and Social Services in the pre-Alyeska impact period -- say 1970 to 1973-- did not do long-term planning. They were still budgeting for the most part on a one year budget cycle and there was some talk about doing a five-year plan or at least a two-year plan but nothing much ever came of it. That of course restricted the State's ability to respond in an anticipatory way to pipeline impact and to have a preventative rather than a remedial approach.

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Q Would you say that a lack of long-term budgeting by government has been one of the problems?

A Certainly.

Q Now, we'll just go in the order that you gave the points in evidence in chief. Turn to page 5 where you start talking about labor shortages and labor costs. I wonder if you'd be able to comment, anybody on the panel, just how much higher the wage scale is for say Alyeska/^{workers} as compared to non-pipeline jobs with similar types of work?

A Yes, we were checking to see if we ^{could} remember the average hourly thing, we cannot. I'm sure we can find that somewhere but I think the key issue/^{that} needs to be recalled,^{is} it's not the wage scale per se that causes the difficulties. There are wages that on an hourly basis paid to a person involved in direct or indirect construction activity may be higher than municipal employees certainly, but the issue and the reason the people can make such enormous salaries in Alaska is because of the structure of the working week, or the work period. You work, as you know, in many construction jobs, seven days a week and many, many hours a day, 10 or 12 hours a day, and the overtime payments that are accrued both as straight overtime and as working on weekends where you may get double time, time and a half-double time, are enormous.

Q It's mainly by the shifts and the hours of work.

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1 A Right. Alaska's salaries
- tend to be higher generally than they are in the lower
2 48, as you know. I am reminded that the average wage
3 scale paid by Alyeska tends to be the upper range of
4 what is paid by other firms or entities, organizations,
5 hiring in a category, construction workers, for
6 instance. It's certain select jobs that get a lot
7 of notoriety for being paid an enormous amount more
8 than any other similar work, for instance cooks in
9 some of the service companies that provide food and
10 cook food for the pipeline workers, cooks are probably
11 paid -- I'm guessing again -- three to four times
12 as much as any other cook in the State of Alaska.

13 But that tends to be the
14 exception rather than the rule.

15 Q Well, talking specifically
16 of a shortage that might be of interest to my client,
17 who are the municipalities in the Territories, what
18 effect has it had on the -- has there been a labor
19 shortage for the Municipal Governments as well?

20 A Yes. As we said in the
21 testimony, one of the things you have are sort of a
22 double, a two-part process:

23 (1) a drawing away of local government employees.
24 There was a time -- I frankly don't know if this has
25 been remediated recently, but there was a time when
26 it was very difficult to keep local police in
27 Fairbanks or a State Trooper Station staffed because
28 there were tremendous salaries to be made by working
29 for the private security forces protecting the Alyeska
30

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1 Pipeline, so that's caused a municipal problem. We
2 had discussions in the preparation of our testimony
3 and our reports for Arctic Gas with members of local
4 government in Fairbanks in particular, we spent a
5 lot of time with the borough mayor and the city
6 manager and one of the things they anticipated before
7 the pipeline impact hit and one of the things that
8 certainly came true and which I think everybody who
9 looked at it predicted was that there would be a
10 drain-off of local municipal employee skilled labor
11 and the second part of the problem is, as I said it was
12 two-part, is that the people who came into the state,
13 this enormous influx of in-migrants, often didn't have the
14 skills to fill those vacant jobs, and I suppose in
15 terms of long-term impact even to the extent that they
16 did fill those vacated jobs, there's going to come a
17 crunch when Alaska residents who have been working
18 for Alyeska no longer have those jobs, when Alyeska
19 construction is over and they go home expecting to
20 get their old job back, sort of the returning veterans,
21 syndrome
22 where someone has taken their job and there may be
23 dislocations caused by wanting to go home to your old
24 job and finding it's been filled for three years and
25 people weren't very happy when they left in the first
26 place. So those kinds of things do cause problems to
27 local governments, to be sure.

28 Q I was going to ask you
29 of the City of
30 Fairbanks for providing
police services, and you touched on it just briefly.

A That's about all I know.

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I am reminded the police chief resigned in Fairbanks.
I don't have any details.

Q Would anybody on the
panel be able to relate, say, how many policemen were
serving Fairbanks before the Alyeska boom, and how
many police officers they require now?

A It's in our report, if
we could get our report out of the upstairs library.
I don't happen to have it with me.

THE COMMISSIONER: Bring it
back in the afternoon if you've got it.

A Fine, fine. Our
report, our large yellow volume on socio-economic
impact in Alaska, as I recall, had figures that were
accurate as of late '73 in terms of the size of the
Police Force in the city and the State Trooper Force
in Fairbanks. I believe we can give you those
figures. I don't have, frankly, the figures on
how many people -- what the turnover rate was, but
I know it was a problem.

Q Mr. Boorkman, did Arctic
Gas ask you to read the evidence of Magistrate Sprecker
who gave evidence at Whitehorse last August about his
own experience, speaking as a magistrate, not as a
sociologist or anything else?

A Yes, we saw that
evidence.

Q Well, he suggested that
the figures showing an increase in the crime rate,
which appear to conform to the increase in population

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1 in a rough way, might well not be truly representative
2 because he said there was a tendency for the State
3 Troopers to leave law enforcement within the camps to
4 the company itself, that is you had a kind of private
5 law enforcement, and unless someone got murdered within
6 the camp, the State Troopers were not brought in. His
7 argument being that the company did not want to
8 incur the enmity of the workers in the camps, so that
9 matters such as theft -- I think ^{he said} there had been theft
10 of many thousands of dollars worth of equipment from
11 each camp -- were overlooked and other matters rather
12 more serious were overlooked. I hope I'm roughly
13 reproducing what he said, but do you have any comment
14 on that? Is that a --

15 A Yes, I think there are
16 a couple of things that need to be said about that. One
17 is a local impact question, and the other is probably
18 a question of public policy, and in terms of local
19 impact I just happen to have a reference from his
20 testimony. On page 7223 of his testimony he indicated
21 that the crime increase in Glennallen has not risen as
22 fast as the population has, so in terms of local
23 impact of the pipeline on crime rates, it's had less than
24 a major impact. That doesn't really --

25 Q Excuse me, Mr. Boorkman,
26 why don't you consider the matter over lunch, if you
27 wish and --

28 A I can finish in 15 seconds.
29 The other question is a matter of public policy, who
30 you've referred to. Who is the law and what is the

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1 law enforcement agency, and if I hear you correctly
2 and if I remember his testimony accurately, he's
3 suggesting that the company is setting up a private
4 Police Force, essentially, and is setting up guidelines
5 which may or may not be made explicit as to what
6 crimes will be dealt with and what will be shrugged off
7 or where people will ^{be} reprimanded and warned but not
8 have any report made to the local Police Department.
9 I think in terms of community impacts, that has no
10 impact on the local community. As a matter of public
11 policy, one could certainly have an interesting
12 discussion about whether or not one wants to delegate
13 that function to a private company, and if so, in
14 what cases, and what kind of guidelines need to be
15 set out. But I don't think that there's any -- we
16 have to distinguish whether we're talking about really
17 seriously impacting a community in a negative way
18 causing a major increase in crime which appears not
19 to have happened there, or whether or not we're concerned
20 about the delegation of law enforcement responsibilities
21 to a private company, and without careful regulation,
22 I suppose
23 and there's one other thing which I'm sure everyone here
24 is familiar with, and that is that there was a series
25 of articles in the Los Angeles "Times" which caused
26 some stir in Alaska which made it sound as though
27 everything from caterpillars to the pipe itself was
28 being stolen with great rapidity and alarming proportions
29 and I don't have any better data on that than anyone
30 else because we've reported the crime statistics we
31 were able to find, and one could argue that there is

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1 not all
2 cover-up and the companies, it's not in their interest
3 to admit all the crime that's taking place but I have
4 watched the medias, ^{as} I'm sure you have, and if 60 Minutes
5 and some other programs have tried to probe the L.A.
6 "Times" reports to see if they seem to be valid, and
7 a number of those reports have indicated that they
8 couldn't find such a crime wave as the L.A. "Times"
9 story had indicated, and I frankly don't know. I do
10 know that there was an L.E.A.A. -- L.E.A.A. is the
11 Law Enforcement Assistance Administration, it's the
12 funding arm of our Department of Justice and provides
13 monies for local law enforcement and criminal justice
14 agencies to increase the quality of criminal justice
15 and crime prevention, and I do know they looked into
16 the matter but as far as I know there's been no
17 documentation of any crime wave. Which is not to say
18 there may not be isolated incidences in which crimes
19 have been covered up by the company, but I have no
20 independent knowledge of those.

21 THE COMMISSIONER: I appreciate
22 that you're here to talk about community impact, but
23 I wanted to know whether you had any comment on that,
24 what you described as delegating law enforcement to
25 a private company, and if this pipeline is built, this
26 Inquiry has to lay down recommendations relating to
27 what goes on in the camps as well as in the communities.

28 A On a policy position, just
29 to state my own preference in the matter, I
30 think that there may well be advantages to delegating
certain types of security and law enforcement activities but

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that clearly those would have to be very carefully guided by stipulations and policy requirements by a policy-making body. The Territorial Government, the National Government. You want to know what's happening and under what circumstances local enforcement delegation is going to happen and where it's not. You have to set up guidelines to make sure it happens in ^{a way that} is consistent with public policy.

THE COMMISSIONER: O.K., well let's adjourn for lunch till 2, and then we'll carry on.

(PROCEEDINGS ADJOURNED TO 2 P.M.)

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1 (PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

2 MR. LUTES: Mr. Commissioner,
3 before cross-examination of this panel continues, I
4 wonder if I could just get a matter onto the record.

5 As you are aware, the construc-
6 tion plan at Foothills has been amended to provide
7 for construction from a gravel pad in the north 50 miles
8 of the proposed Foothills pipeline. In addition there
9 have been two other significant amendments to the
10 construction plan. One of which provides for a conversion
11 from methanol testing to hot water testing and the
12 second involves the relocation of certain of our con-
13 struction camps.

14 Evidence has been filed before
15 the National Energy Board to reflect these changes
16 in the plan. Amendments to our application are now
17 being prepared and should be filed by the end of this
18 month. When the hearing was on its southern tour in
19 Calgary, Arctic Gas advised the Commission that they
20 intended to call a panel of construction experts at
21 some time during the hearing. It's my purpose, really,
22 to inquire whether the Commission wishes us to recall
23 our construction panel to speak to these amendments,
24 and if so whether that could be done at the same time
25 as the Arctic Gas panel of construction experts appear.

26 I think the reason that's
27 appropriate is that the determination to build a gravel
28 pad in the north 50 miles, in part, reflects our opinion
29 that the construction across the North Slope by Arctic
30 Gas is impractical in its present form.

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1 THE COMMISSIONER: Well, I
2 understood that your proposal now was to construct that
3 -- the most northerly 50 miles of the Foothills line
4 in summer, am I right?

5 MR. LUTES: It would be -- it
6 would not be a winter operation, it would be in late --
7 I'm not sure whether it's late summer, I think it would
8 be in the late months of the summer, yes.

9 THE COMMISSIONER: At any rate,
10 for the reasons that drove you to that conclusion, you
11 will argue that Arctic Gas's proposal for winter con-
12 struction of the Alaska supply line from the international
13 boundary to the delta and across the delta cannot be
14 built in winter, and that an allweather gravel road will
15 have to be built in any event.

16 Well, it seems to me that that's
17 an important issue that goes to the question whether
18 Arctic Gas's environmental safeguards proposed for
19 the northern Yukon and the delta, two areas which I
20 think are regarded as the most sensitive from an
21 environmental point of view, along the whole route.
22 Since it goes to the question whether their programme
23 of environmental safeguards is sound or not, I think we
24 should hear from your witnesses, that is to tell us
25 why they changed their minds and then hear Arctic Gas's
26 answer to that. I don't think I should say anything
27 more about it. I think I should leave it to Mr. Scott
28 and counsel of the two companies, to figure out the
29 occasion for the calling of that evidence, but it's
30 very important, apart from just the question of -- just

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1 the engineering questions involved. It has very great
4 bearing on the whole environmental programme because
3 if you are right, then Arctic Gas's proposed pipeline
4 is one that cannot be built unless -- at any rate, it
5 cannot be built and the environment safeguard at the
6 same time along the north coast and across the delta,
7 so we better hear about that.

8 I'll leave it to Mr. Scott
9 and Mr. Steeves and you to discuss it.

10 MR. LUTES: I think the
11 appropriate time when that might come forward.

12 MR. STEEVES: Mr. Commissioner,
13 can I respectfully suggest there is something you could
14 do, which would, I think, assist in the matter. I
15 suggest that you give a direction now that all of the
16 parties who have any evidence to call on this issue
17 call it at a date to be fixed by counsel, so that we're
18 not getting bits and pieces.

19 THE COMMISSIONER: Oh yes.

20 MR. LUTES: That's what I would
21 like to do.

22 THE COMMISSIONER: Well, I
23 certainly agree with you.

24 MR. STEEVES: So, direct, if
25 you would?

26 THE COMMISSIONER: If there's
27 only the two of you who have any evidence --

28 MR. STEEVES: Well, I'm not
29 sure of that.

30 THE COMMISSIONER: If the others

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1 have any, I would be amazed if they didn't bring it
2 forward at the same time. That's what I'd like you
3 to do and I'm sure you'll discover Mr. Scott, who's
4 paying close attention to this discussion will hold
5 the same view.

6 MR. SCOTT: I am right up
7 to date on reading the transcripts, Mr. Commissioner,
8 I'll know tomorrow morning what's been said and will
9 act accordingly.

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THE COMMISSIONER: Excuse me a minute Mrs. MacQuarrie. By the way, let me just say to counsel that when we come to that evidence, I am interested in the reasons why Foothills changed their minds, and I am interested in whatever Arctic Gas has to say about Foothills' reasons. But I am not interested in going back to square one and reviewing the history of northern engineering at length. You can take it that I have in my mind everything that has been said so far about engineering and construction.

Well, Mrs. MacQuarrie, you wanted to say something?

MRS. MacQUARRIE: I didn't want to wait until tomorrow morning when I read the transcripts to be up^{to} date on just what was said. I wonder, were you referring to the evidence with regard to the construction in the winter or whatever, rather than this particular panel?

THE COMMISSIONER: Right and I don't think that the -- well, at any rate, you know what we were talking about and there it is.

Mr. Sigler, you were cross-examining.

MR. SIGLER: Yes, before we adjourned for the lunch break Mr. Commissioner, I was asking a few questions about the providing of --

THE COMMISSIONER: Excuse me Mr. Sigler, I forgot to say that Professor Jackson has obtained a movie prepared by the BBC about pot-latching on Vancouver Island, a custom of the native

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1 people of British Columbia and is showing the film here
2 this evening at 8 -- at 8:30 so you are all invited
3 and certainly you, our visitors from the United States
4 are most cordially invited too. It has nothing to do
5 with the Inquiry, so you don't have to bring your note-
6 books.

7 So, carry on Mr. Sigler.

8 MR. SIGLER: Yes. I was
9 asking questions generally about the provision of police
10 services in the municipalities, and how the general
11 labor shortage and labor costs have affected the
12 abilities of municipalities such as Fairbanks to provide
13 their police services.

14 WITNESS BOORKMAN: Could I
15 clarify something that came up that we said we would
16 report back on? We found a copy of our yellow volume,
17 "The Socio-Economic Impact Analysis for Alaska". There
18 are a couple of points on that that maybe I can make
19 very quickly.

20 This data was gathered as I
21 said at the end of 1973, fall and winter, and so some
22 of it may be out of date. As I have said, we have not
23 monitored all developments since then, so I can't tell
24 you in each case what has changed and what is the same.
25 But of the 116 municipalities in the State of Alaska,
26 only 25 provide police services in terms of one or more
27 full-time officers. I have mentioned the role
28 of the Division of State Troopers and in particular
29 in the Fairbanks area, again as of the end of 1973, the

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1 Fairbanks Police Department had a total personnel
2 payroll of 71. Of those 50 were sworn officers. They
3 had an auxiliary police unit of 21 persons with
4 its own command structure which supported the Fairbanks
5 police. In addition, in emergencies, they draw on the
6 police forces or law enforcement or military police
7 services of Fort Wainwright and Eielson Air Force Base.

8 The F.B.I. has a local office
9 in Fairbanks and the Bureau of Customs does as well.
10 There is a Trooper Detachment in the Fairbanks area
11 which had 24 troopers, one officer, seven judicial
12 service staff members, 11 operations and four technical
13 services personnel and that detachment had law enforce-
14 ment responsibilities, not only in the Fairbanks North
15 Star Borough but through the interior of Alaska. I
16 can't give you the precise jurisdictional limits, but
17 I do know they serve communities outside the Borough.

18 Q So then before the Alyeska
19 boom really was underway, Fairbanks had a well established
20 police force?

21 A Oh yes. Oh yes. As the
22 second largest city in the State, it did.

23 Q Their police service is
24 available to Fairbanks in '73 then were the
25 city police plus the 24 State Troopers plus the F.B.I.
26 who had an officer as well?

27 A Yes. The F.B.I. of course
28 would have jurisdiction only in federal crimes.

29 Q What kind of police
30 services were there in Valdez before the -- say at that

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time? Do you know?

A I just lost my book. I don't know. I assume that there were -- I think there was one trooper in Valdez and I am not sure about local police -- municipal ^{police} functions. Let me see if it is in here. It may not be.

It does not say in here. I am sorry. As I recall, Valdez had a small City Police Force but I can't give you a definitive answer.

Q Do you have any figures to show how many police are serving the communities say today or more recently than '73?

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1 A No, I don't.

2 Q Do you know how the
3 municipalities finance their Municipal Police Forces
4 there? Are ^{there} grants available for the state for that
5 service?

6 A The State of Alaska has
7 revenue-sharing in various service areas, and local
8 jurisdictions get money from the State Government on
9 a revenue-sharing basis, on the basis of some units
10 which is logical to that service type, for instance
11 highway money goes to local governments, on the basis
12 of so much per mile of road that the local government
13 maintains. In most social service delivery areas,
14 it's done on a per capita basis. So Valdez would get
15 money based on its population and for various services
16 from police to -- I should say too, they're also going
17 to use local funds in addition to the revenue-sharing
18 grant they get. One of the things that's happening now
19 is that in parts of the state they're trying to establish
20 a special census which will have implications for
21 revenue-sharing purposes both within the state and
22 nationally.

23 Q Now you mentioned, when I
24 asked about the labor shortage and labor costs, that
25 it was more a matter of hours of work and shifts that
26 were worked than the actual pay rate being that much
27 higher. The basic hourly rate isn't necessarily any
28 higher, but the amount of time worked by everybody
29 leads to a higher income with overtime and number of
30 hours they do work.

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1 A In most areas that's
2 true, yes.

3 Q Are you familiar with
4 what consultations, if any, Alyeska had with the
5 say government as a large employer, or other large
6 employers in the state prior to the project getting
7 under way? How were the shifts established in the first
8 place, because it seems this is the cause -- the major
9 cause of any problems throughout your evidence, is
10 the differential in the labor costs has led to other
11 problems especially for government in terms of keeping
12 their own employees. Were they consulted at all ahead
13 of time?

14 A As I understand it, and
15 really this question should be directed to the planners
16 of the Alyeska Pipeline, but as I understand it, the
17 shifts were set up in such a way as to build a pipeline
18 as fast as humanly possible. As we all know, it was
19 delayed a number of years and that in itself caused
20 some dislocations that we've identified in our
21 analysis of the false boom. So the need to build a
22 pipeline efficiently, quickly and with the maximum amount
23 of labor being committed, in the minimum amount of
24 time was the motivating force for Alyeska. We're not
25 aware of discussions that they had with local
26 governmen ts to say what kind of dislocations are our
27 shifting policies going to have on your municipal
employees. There may have been such discussions, I'm
simply not aware of them. Of course, the state was
a signatory to some of the agreements that led up to the

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1 Alyeska project, but I don't think that that could
2 be characterized as careful impact assessment in advance
3 and then trying to mitigate it. That's one of the
4 thrusts of our testimony.

5 WITNESS D. WEINSTEIN: You
6 mentioned the high Alyeska wages and I think Mr. Boorkman
7 talked about the fact that the wages were at the upper
8 end, let's say, of the existing pay scale, but they
9 weren't that unreasonable, that out of line with
10 existing wages, that the major cause of inflation has
11 been the overtime pay.

12 I'd just like to stress that
13 the Alyeska wages were high, but they weren't really
14 out of line with other high wages in the state, and
15 to the extent that a wage scale is dependent on the
16 margin of productivity of a worker or workers, the
17 productivity of a pipeline worker is in all likelihood
18 far higher than the productivity, the marginal value
19 of other workers -- say government worker or service
20 station attendant, or whatever. So in many ways the
21 high Alyeska wages were in effect justified in an
22 economic sense.

23 Q But am I to take it
24 from your evidence so far that if the work shifts had
25 been planned differently, a lot of these problems
26 might have been avoided?

27 WITNESS BOORKMAN: I'm sorry,
28 what problems are you referring to now? Are you talking
29 about --

30 Q The labor shortage that's

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arisen throughout the state, in other words if --

A Theoretically if they didn't make any more money in a pipeline related job there wouldn't be any inducement to leave your job. I mean there are a lot of motivational factors that go into why a person leaves an existing job to take a pipeline job. One of them can be money. We tried to point out in our discussion of in-migration that another is the romance, there's no other word for it, of a pipeline project. It tends to signify something to people that may not simply be economic. It may be, "I want to be able to say to my grandchildren that I helped build the Alyeska Pipeline."

Q Surely --

A People in American history in the past would talk to their grandchildren about building railroads across the west.

Q Surely, but it's laid out in your evidence that this has been the most serious of problems, a lot of the social problems have arisen from the labor shortages and surely there must be lessons to be drawn and planning that can be done here to avoid such a problem happening here. I'd like to hear from you, not only the problem but what recommendations you might make to avoid this problem occurring here. What kind of planning can be done with foresight here to avoid this problem happening all over again?

Q O.K., I think the bottom line of our testimony is that if you have to pick out

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one ingredient, that has generated most of the negative impacts related to the Alyeska Pipeline, that ingredient would be rapid and overwhelming in-migration of people from outside the state, and the dislocations they cause in terms of inflation, in terms of demand for social services, in terms of the shifts of employment, in terms of shortages of goods and services, all the way down the line. It seems to me that the issue for a policy-maker in Canada or in any other jurisdiction facing a major development project in a fairly undeveloped part of the country should be, "How do we control the socio-economic dynamic of that project so as to avoid these major dislocations in terms of population and the demands that population causes?"

Clearly, as we tried to emphasize in our testimony, the state did not adequately, in our opinion, plan for the major impact of the Alyeska Pipeline. They didn't take as seriously as they might have the dangers of in-migration. They didn't think through as clearly as they might have the implications of putting hiring halls in Fairbanks, and they didn't really think through, I believe, the relative tradeoffs between hiring local people for pipeline work that causes the kind of shifts in employment. Now if you're saying, "We want all the pipeline workers to be Alaska residents, to be existing Alaska residents," by definition those Alaska residents, a lot of them are going to leave existing jobs and somebody is going to have to come in to fill the

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1
2 police jobs, the fire jobs and all the rest. You could
3 take another policy, which is, "We don't want Alaskans
4 to work on the pipeline, we want an outside labor
5 force that's hired outside the state." You bring them
6 in, have them do the job, and get out.

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1 Q I understood your point
2 in the evidence where you say that in-migration was
3 the major problem, but I'm trying to take about one
4 step further, and suggest to you that the big money that
5 could be earned is the cause for the in-migration.
6 Are you suggesting that the money hasn't attracted
7 the people from the south, that that's not the biggest
8 factor? You're saying to me it's the romance of
9 working on the pipeline that causes people to go there?

10 WITNESS D. WEINSTEIN: I'd
11 like to try to answer that question if I may. There's
12 no question that the high wages have had an influence
13 in attracting large numbers of in-migrants, yet two
14 points should be made. One, the high wages, were, in
15 fact, economically justifiable. That's the first
16 point and that's a very major point.

17 The second point is that
18 -- and the second one is related to the first. But
19 for the fact of high wages, the pipeline would not
20 have been built. If they had offered a wage scale equal
21 to the existing wage scales, then probably no pipeline
22 would ever have been built.

23 THE COMMISSIONER: Mr. Weinstein,
24 that's a very important point to Arctic Gas and perhaps
25 as well to consumers. So you're saying that we should
26 take it as a given that this large -- this opportunity
27 for great remuneration, it isn't wage scales as Mr.
28 Boorkman said, but the overtime and the work scheduling
29 that creates the opportunity for this enormous remunera-
30 tion, and we've already heard from a witness called by

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1 Foothills with experience in European pipelining where
2 they tried to pay people on a normal scale, normal
3 hours of work and they couldn't get the pipeline built
4 because no one wanted to work for them. The trained
5 people went elsewhere. So, let's suppose that is a
6 given. Mr. Sigler is really putting it to you, he
7 says, "Mr. Weinstein, Mr. Boorkman says that what caused
8 all the trouble in Alaska," and I use trouble in a
9 neutral sense, I hope, is --

10 A Pejoratively neutral.

11 Q -- "is the high wage rates
12 brought all the people in."

13 Now, Mr. Boorkman says, "well,
14 and there's a kind of a romance to it," and we understand
15 that, that's what brings people to northern Canada,
16 though perhaps not in the same numbers and not with
17 quite the same expectations, but Mr. Boorkman said
18 there were three things that related to Alaskan planning
19 that gave this in-migration an impetus that it might
20 not have had. One is the policy in relation to local
21 hire, not thoroughly considered.

22 Secondly, the presence -- that
23 is that the hiring halls flowing from that policy had
24 to be in Fairbanks and the third was -- well, it came
25 under the heading of failure of planning which seems
26 to be essentially a way of compendiously wrapping up
27 the first two.

28 Now, is there any -- if I
29 have been fair to your presentation so far, picking
up where Mr. Sigler is at, is there -- we would take the

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3 implication that we should think a little harder about
4 the uses of local preferential hiring policies, and we
5 should think a little harder about whether union halls
6 should be here in Yellowknife or in Fort Simpson or
7 Inuvik as opposed to Edmonton, Calgary, Seattle,
8 Vancouver, Montreal and I've taken that from what you
9 say. Are there any other things of a specific nature
10 to deter in-migration -- to deter surplus, unnecessary
11 in-migration that you can offer us. I think that's
12 what Mr. Sigler's getting at and if you can add anything
13 I'd be interested.

14 WITNESS J. WEINSTEIN: Yes,
15 I would like to sort of respond to that. Part of the
16 policy, in fact, that the state of Alaska and the U.S.
17 Department of Labour have implemented include such
18 things as actually actively discouraging, through
19 announcements and publications entered at -- like the
20 Seattle Airport or on the ferry or other means of access
21 to Alaska. People coming in --

22 Q Isn't the Seattle Airport
23 leaving it a little late?

24 A Well, that's what we
25 would think. Let me just add that the first year that
26 that occurred, it was -- yes, it was a futile exercise,
27 but that combined with sort of word of mouth and the
28 publicity that the whole Alyeska pipeline engendered
29 in the lower 48, that by the -- we refer in our testi-
30 mony here to the in-migration survey. By the time of
31 the third quarter of 1975, which was in fact the peak

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1 quarter
2 employment for Alyeska pipeline, in-migration, in fact,
3 dropped. For the first time instead of a parallel rise
4 of in-migration and employment, you in fact had a drop
5 in employment and what this says is that there is
6 ways of combining --

7 MR. STEEVES: You mean a
8 drop of employment or a drop in in-migration?

9 A The in-migration dropped,
10 employment continued to rise to reach the peak that
11 was referred to in the testimony, 224,000 some odd.
12 That there are ways of publicizing and some ways controlling
13 then, the flow of in-migration.

14 I think that if we're talking
15 about policy, that a government, be it a provincial
16 government or territorial federal, could apply that
17 there are ways of doing it with enough advanced planning
18 that you could limit it and I think that that experience
19 of the third quarter of '75 is one aspect of it. I
20 think the Alaska experience was, it was late and Seattle-
21 Tacoma Airport is a late point to intervene, but there
22 were also newspaper -- they tried a much more concerted
23 effort of newspaper adds through out the country and
24 they did try, but not to much avail in the first year
25 because the romance and the -- drew people there, but
26 I think that there are ways that the state can implement
27 to slow it down.

28 WITNESS BOORKMAN: I think that
29 it ranges from control and I'm not familiar enough
30 with your -- what I would call in our country constitu-

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1 tional provisions to know what level of control you
2 have on intra-provincial or provincial to territorial
3 movement. There's a possibility to outright control
4 where you simply don't allow people into an area, to
5 avoid in-migration, or if that's infeasible or illegal
6 there are ways of discouraging them and certainly
7 you've mentioned some already.

8
9 The location of a hiring hall
10 in Edmonton, I think in our opinion, would have a
11 tremendous amount to do given the Alaska analogy with
12 discouraging people who are looking for employment
13 from coming into the area you're trying to keep them
14 out of, because if it were made very clear that the
15 only place you could get a job, if you were a resident
16 of another province or of another country, for a pipeline
17 in the Northwest Territories was in Edmonton, a community
18 that's large enough to absorb some in-migration then
19 that would be just the opposite of the Fairbanks hiring
20 hall experience and it seems to us that that would be
21 a very serious and important policy decision to make
22 and it would have a direct bearing on in-migration.

23 Word of mouth, publicizing the
24 fact that the jobs aren't to be found in the Northwest
25 Territories, it works to the extent that it's true, and
26 the trouble was in Alaska's case that they were putting
27 out a message that wasn't strictly true. They were
28 putting ads in the San Francisco and Seattle and Denver
29 and other papers saying there are no jobs in Alaska, don't
30 come. That was a lie, there were thousands of jobs and

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1 in Alaska and the only place to get them was in Alaska.
2 It's not duplisis, you know, it wasn't done for a wrong
3 intent, it was simply not a very effective message
4 because it didn't have the ring of validity to it.
5 If you can make it true, if you can say that, in fact,
6 the only place for an outsider to get a job on this
7 pipeline is at a predetermined hiring site outside
8 of the Territories and enforce that, then it seems to
9 me that's a major difference from Alaska and one that
10 I would certainly recommend.
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THE COMMISSIONER: May I just add a post-script to that? We are in a sense, in the same situation as Alaska in the late '60's except that Canada isn't committed to building a pipeline as I gather Alaska was in those days -- or at least the United States was with a hiatus that we all have heard about.

But if you went back to Alaska in the late '60's, you might find the ambivalence that you find here. We have held hearings and in the larger communities of the Northwest Territories where white people live, they don't want the social disruption of in-migration, and they would like some kind of buffer between them and the influx of workers and the problems they bring with them. But you will find that businessmen and the Chamber of Commerce in each large town, they want the business. That is, not just contracts and sub-contracts related to pipeline construction, but they want those people with their cash coming into town.

The other thing -- and of course -- if the hiring halls in Edmonton -- and they are flown in and out -- their presence in larger towns like Yellowknife, Hay River, Fort Simpson and Inuvik may be limited. They may not be there very often to spend that cash. So there is an ambivalence that you find among businessman. Quite understandable.

The other thing is that everybody here is in favor of local hiring preference. To--

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1 let us suppose that the Government of Canada, in the
2 guidelines for this Inquiry has laid that down as one
3 of the things we are established to fulfill. So it is
4 not up for debate. I am sure were they here, they
5 would appreciate these considerations but -- so, the
6 problem we face and I am speaking for counsel and their
7 staffs because these things should be considered, is
8 how do we combine, if we were to agree that establishing
9 hiring halls outside the Northwest Territories was a
10 sound proposition from the point of view of curbing in-migration
11 -- how would we combine that with an effective policy
12 to give local preference to people already living here
13 who want to work.
14

15 If you care to comment Mr.
16 Trusty and Mr. Boorkman and Mr. Weinstein and Mr.
17 Weinstein, you are certainly welcome to.

18 WITNESS TRUSTY: I'd like to
19 comment sir. Mr. Hollands will be appearing in the
20 third panel and I hate to keep always pushing these
21 things off but just to preview briefly, Arctic Gas has
22 had discussions with the unions and with government
23 and Manpower departments and so on, and work is going
24 forward that Mr. Hollands will talk to about establishing
25 a local Manpower delivery system in the Territories
26 that fits with the concept of preference in the
27 Territories. So that in a sense, it would be like
28 mini hiring halls, but they would be right in the
29 community to which they applied. So they would be
30 throughout the communities in ^{other} words and there wouldn't

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1 be one central hiring hall. The idea behind that is
2 to facilitate the process of local hiring without the
3 problems created by having a central hiring hall in
4 one or more of the larger communities.

5 Coupled with that is the
6 intent of all southerners being hired only through a
7 southern hiring hall and being refused employment if
8 they come for a job north of the 60th parallel. Now,
9 obviously tied into that is the question of making sure
10 that there is the appropriate definition of a northern
11 resident to get around one of the problems that
12 occurred in Alaska. I don't think that has been satis-
13 factorily resolved yet.

14 Q Yes.

15 A The other comment I
16 wanted to make is that apart from the in-migration
17 question if I read what Mr. Sigler was asking, there
18 is the problem of the attraction of these wages for
19 someone who say, is currently employed in a
20 community like Inuvik.

21 I personally think there is
22 very little that can be done in a policy stance to
23 counteract that because almost anything you conceive
24 of trying to do involves saying, "no", certain people
25 can't have a job even if they want one. It seems to
26 me that that's an impractical solution.

27 However, I think that adequate
28 publicity about what is really involved in pipeline
29 earnings -- why are they as high as they are -- to
30 counteract the kind of rumor element that builds up in

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1 terms of what you can earn, pointing out the arduous
2 conditions involved, the seasonality of the work,
3 the potential loss to an individual from trading in a
4 permanent job in which he is gaining some experience
5 in training for a short-term job may have an effect.
6 Now, it would be naive to suggest the effect is too long.
7

8 THE COMMISSIONER: You better
9 not go too much further along that line. It didn't
10 sound altogether like what I have heard on other
11 occasions from Arctic Gas.

12 WITNESS BOORKMAN: I would
13 like to add to that. I assume that in Canada as in
14 Alaska, it's just not politically feasible to say that
15 we're going to hire outsiders only and have a policy
16 against local hiring. I just don't think that --

17 Q Well, and this is a free
18 country. You can't stop anybody from coming here.
19 I think Mr. Trusty is right. You can't develop a hiring
20 policy that excludes people who happen to be too valuable
21 in what they are doing now. That's a wartime regulation,
22 but I don't think it's feasible now.

23 A O.K. but I agree with
24 Mr. Trusty's distinguishing between people who are
25 hired from the area in which the project is to be
26 constructed and trying to structure that in a way that
27 you can really ensure that they are local residents,
28 and distinguishing them from the outsiders who will be
29 needed.

There will need to be some outsiders that come

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1 in, just as there were in Alaska.

4 Now, I think the other thing
3 that can be done is to learn from the experience of
4 Alaska and say when you do hire people locally, what
5 type of people are you likely to draw away from
6 existing services and industries and social service
7 systems, and try to confront the issue of how are you
8 going to replace them. How are you going to attract
9 people with skills that can fill those vacated jobs?
10 If thought is given to that early enough and a recruit-
11 ment program is undertaken to bring those type of
12 people in to fill the vacated job, I think you can
13 much diminish the lag that occurred in Alaska between
14 the time when a State Trooper would go off to work
15 on the pipeline and when you found an adequate
16 replacement.

17 I think we also have
18 to keep in mind that when we are talking about in-
19 migration, we are talking about two basically different
20 types of in-migrants. We are talking about the direct
21 construction worker -- say the welders from Tulsa or
22 somewhere -- who come in and take direct jobs and who we
23 don't have to worry as much about and then there is
24 the indirect and secondary workers who come in. As I
25 understand, reading exhibits prepared in Canada and
26 comparing them with our own, descriptions of Alaska,
27 the multiplier effect, because of the different level
28 of the economy in the Northwest Territories and in
29 Alaska is significantly lower in Canada and so the number

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1 of those indirect and secondary jobs and theoretically
2 the amount of in-migration that those jobs encourage,
3 is going to be significantly lower. So, I think it is
4 important to distinguish between direct workers who
5 come in from the outside and indirect people who come
6 in generally hoping to take pipeline jobs but wind
7 up in shoe stores and other supporting or indirect
8 services.

9 Q Mr. Trusty, forgive me,
10 I didn't mean to interrupt you and know I shouldn't have.

11 WITNESS TRUSTY: No, I was
12 finished.

13 Q One of the few comforts
14 I get in this job is reflecting on the irony of some
15 things that are said, and you were listing the dis-
16 advantages of pipeline employment compared to other
17 employment that might be steadier and offer a greater
18 future, and I cut you off. Is there anything else you
19 wanted to add?

20 A No, I was simply saying
21 that to make -- it strikes me that in the Alaskan
22 situation, by the time the kind of word of mouth
23 transmittal of what is being earned gets to the person
24 who might potentially take one of those jobs, it is
25 an astronomical salary with very little consideration
26 for what is involved in earning that salary, and a
27 structured program to make sure people understand what
28 is involved may very well have an ameliorating effect
29 in terms of sucking away people from other jobs.
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1 It would be naive to suggest that would counteract it
2 entirely or anything like that, but it could have an
3 effect.
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Cross-Exam by Scott

1 CROSS-EXAMINATION BY MR. SCOTT:

2 Q Mr. Commissioner,
3 because the point was raised and so I won't forget it,
4 Mr. Boorkman was dealing with a multiplier that has
5 been used in Alaska to calculate the number of jobs
6 that are created that are not directly pipeline-related.
7 He indicated that a lower multiplier had been used for
8 the construction phase in Canada. I was trying to put
9 my hand on that last night, and I wonder if Mr. Trusty
10 could just tell me what that multiplier is for the
11 construction phase?

12 A .2.

13 Q .2?

14 A That's correct.

15 Now I'd like to add something here, Mr. Scott, because it
16 goes to an exchange with Mr. Sigler yesterday about
17 the multiplier. To make it clear, the multiplier
18 functions in a regional economy or indeed a national
19 economy , by the spending of incomes earned on housing,
20 on food, on goods, whatever, to the extent that those
21 incomes are leaked off, outside the region the multiplier
22 goes down. It follows therefore that to the extent
23 that Arctic Gas is successful in maintaining their
24 work force in construction camps and out of communities,
25 during the construction period, there should be very
26 little multiplier effect directly related to construction.
27 We do think that there will be a much higher multiplier
28 effect related to the operations phase and in the
29 delta related to not only the pipeline operations but
30 the producer activities up there, and that's why we've

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1 used two multipliers -- a very low one during the
2 construction phase, and a much higher one in assessing
3 the longer term growth phenomenon that's apt to occur.
4 There I think a much higher multiplier is appropriate
5 simply for safety reasons, if for no other, in planning.

6 Q I'm sorry to interrupt,
7 and I shouldn't have started on this, and I know Mr.
8 Sigler will forgive me, but is Mr. Trusty talking about
9 a job multiplier or an income multiplier?

10 A Well, they're synonymous
11 really because you can measure the multiplier effect
12 in dollars. It's more often measured in terms of jobs
13 because jobs are a much more measureable thing.

14 Q That's what your
15 multiplier is designed to do?

16 A It measures in terms of
17 jobs. It does not measure in terms of income. But the
18 multiplier works because the job is created, the earnings
19 are spent, those earnings create an additional job.
20 So that the mechanism, if you like, for the multiplier
21 to function is a dollar mechanism, but it really ties
22 back very much to employment.

23 THE COMMISSIONER: What is
24 the multiplier in Alaska.

25 WITNESS BOORKMAN:
26 A 1.5.

27 Q You predict a multiplier
28 of .2 here.

29 WITNESS TRUSTY:

30 A No sir, we don't predict,
31 we arbitrarily picked a very low multiplier. We did not
32 predict it.

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Cross-Exam by Sigler

MR. SCOTT: Q Was that a conservative selection, Mr. Trusty?

A Yes, for the purposes it was used for, I think it was. I might add, Mr. Scott, that I don't -- if I had been picking, arbitrarily picking a multiplier for Inuvik specifically, say, I might have picked a somewhat larger one. That was applied for the entire region, so it has to take into account the fact that you have a very low infrastructure and very few communities.

CROSS-EXAMINATION BY MR. SIGLER (CONTINUED):

Q That was the point I was trying to get out of you yesterday. I was trying to find out the exact reason or basis or why that multiplier was picked. I wasn't given an answer to that really. Just because it was high or because it was low, but why was that one used?

A What?

Q One for the Territories.

A Do you understand or --

Q No, I don't.

A Well, maybe if you could --

Q What is the basis for using the multiplier that is being used in the Territories?

A Let me go through it again then. In Section 14(c), in discussing employment opportunities that would be made available through the project, we added up the direct jobs involved and we

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1 then said, " Now, there may be some multiplier effect
2 during construction, but since we plan to house the
3 work force in camps removed from communities, since we
4 plan to transport them to and from the south on their
5 rotational leaves without stop-overs in communities,
6 we would not expect the great majority of those
7 workers to have a spending impact in the communities;
8 nor would we expect them to generate demands for housing
9 and similar things."

10 However, there is apt to be
11 some employment effect induced by the project during
12 construction, if for nothing else because some people
13 may in-migrate to fill jobs vacated by others who
14 could go to work for the pipeline. So we picked a
15 multiplier for that, and we arbitrarily picked it
16 conservatively, because in the portion of the exhibit
17 in which it was used we were talking about the employ-
18 ment opportunities and we were talking about that in
19 a very positive sense, and we didn't want to overstate
20 the case. So we arbitrarily picked a very low multiplier.

21 Now that's the point too that
22 I mentioned. Now when we come to talk about the longer
23 term growth implications of the project, particularly
24 in the major communities, we then move to a multiplier
25 that wasn't quite a multiplier in the same sense as
26 the .2, and I'll be explaining that in some detail
27 later, but what we essentially said is the induced
28 effects of new activity in the communities will be
29 equivalent to what happens in Southern Canada, so we
30 went almost, you might say, to the other extreme in

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1 assessing the longer term growth that will be generated
2 in the Territories.

3 Q In the larger communities.

4 A In the larger communities
5 particularly; we modified it slightly in the smaller
6 communities. As I say, I'll be getting into that in
7 detail. It's very difficult, though, without going
8 through the entire thing to kind of summarize it. Does
9 that help, Mr. Sigler?

10 Q Right. I was just kind
11 of interrupting myself there with that question.

12 THE COMMISSIONER: Before you
13 return, let me raise just one other question that
14 occurred to me when Mr. Trusty was giving his evidence
15 this morning. You were giving various reasons that
16 accounted for the differing economic history of the
17 Northwest Territories and Alaska in relation to
18 in-migration. It occurred to me you may have overlooked
19 one, and I'd be interested to know what your colleagues
20 on the panel think. I was in Alaska last year and
21 when I went to Anchorage, where I think about half
22 the people live, and I suspect three-quarters of them
23 live in along the coast of the Gulf of Alaska, it seemed
24 to me the climate there resembled very much the
25 climate of the north coast of British Columbia. In
26 other words, are you in a reasonably temperate belt
27 in Valdez and Anchorage? Does that in some respects --
28 I know that Fairbanks is as cold as Yellowknife, this
29 approach probably breaks down at that point -- but it
30 seems to me that it's a good deal more temperate kind

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1 of a climate in Anchorage, Valdez, that whole coastal
2 strip resembling very much places like Prince Rupert
3 in Northern British Columbia, a lot of rain, gets cold
4 in the winter but not nearly as cold as it does say in
5 Yellowknife or Fairbanks. Does that account for
6 in-migration to Alaska, at least a part of it that we
7 haven't seen here, because there's certainly no part
8 of the Mackenzie Valley or the Western Arctic that
9 has a climate comparable to the north coast of British
10 Columbia. Does anyone have any thoughts to offer?

11 WITNESS BOORKMAN: I live
12 in San Francisco and it's all too cold for me.

13 WITNESS J. WEINSTEIN: Another
14 thing --

15 WITNESS BOORKMAN: It seems to
16 me, I'm sorry, I don't know Northern British Columbia's
17 climate, I do know something about Vancouver's, and it
18 seems to me that that's more parallel to Juneau, where you
19 get snow but it's really a marine wet damp place.

20 THE COMMISSIONER: Yes.

21 A I grew
22 up in Oregon so I'm not putting that damp weather down.

23 MR. SIGLER: Q I suppose
24 people coming from Houston to a temperate part of
25 Alaska are no better off than people coming from Edmonton
26 to a less temperate part of the Territories.

27 A That's right. They have
28 a direct flight from Tulsa and Houston up to Anchorage,
29 you change planes a few times and you spend 13 hours
30 in the air, and I suspect when they get off the plane

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1 in the middle of winter in Anchorage it's pretty
2 cold.

3
4 THE COMMISSIONER: O.K., I'm
5 sorry I brought it up.

6 MR. SIGLER: Q If I could
7 go back to where I was at in terms of the labor
8 shortages, and I still want to pursue the point a bit
9 more as to the salaries leading to in-migration rather
10 than just starting at in-migration as a factor.
11 When you attempted to answer my question you went back
12 the same as you did in your paper, stating that the
13 real problem was with the Local Hire Act and pointing
14 at the government. But I still suggest to you that
15 if the companies did more to prevent astronomical
16 salaries being earned, like using different kinds of
17 shift schedules for employees, this might lead to
18 less in-migration, then surely some of the blame
19 can go to the company.

20 A I think we've covered that
21 to some degree today. I pointed out you're trying to
22 walk a line between not drawing too many people away
23 from existing jobs and still building a pipeline, and
24 I'm no expert on the economics of worker efficiency in
25 drawing people into building pipelines. I guess Arctic
26 Gas will have witnesses who will speak to that point
27 later on, but you're also asking us to guess about
28 Alyeska's motivation and whether or not they did everything
29 they could to keep the salary scale as low as possible,
30 keep the shifting to produce the low as possible salaries
and still get the pipeline built and not draw too many

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1 people away.

2 We also have another factor
3 in there, and that's the unions. The unions' self-
4 interest is clearly not consistent with the point
5 you're arguing.

6 Q The point I'm making is
7 that you as a panel have been pointing us towards the
8 differences between Alaska and the Territories, but
9 wouldn't that be the same factor here as in Alaska
10 that you would have to pay these higher salaries?

11 WITNESS TRUSTY: Well, it
12 depends whether we have the A.I.B. or not.

13 THE COMMISSIONER: Well, Mr.
14 Sigler, I took it from the evidence of these gentlemen,
15 and no one from Arctic Gas or Foothills has disputed
16 it, in fact they've affirmed it and reaffirmed it, that
17 you have to offer this kind of enormous remuneration
18 to build the pipeline because you have some trained
19 people that you have to lure, and you can't go to the
20 Manpower Office in Fort Simpson and get them. Welders
21 are of course the group that come immediately to mind.
22 I don't think it's going to get us very far for you
23 to blame Alyeska for paying these wages -- the wages
24 aren't high, it's the shift schedules that give them
25 a chance to make so much money; but these gentlemen
26 have already said that ^{if} they didn't do that they couldn't
27 build a pipeline. Arctic Gas has all along, I think,
28 taken that position and they haven't tried to tell us
29 "Well, we won't pay them quite so much and then your
30 local businesses and municipalities won't suffer in the
same way. "

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MR. SIGLER: Perhaps I could clarify it with this panel that they feel that that kind of shift scheduling and high salaries is necessary to have the pipeline built or is it necessary to have the pipeline built within that time-frame that it is being built in?

A I would like to make a comment there. I think you have to distinguish between -- or at least we have to clarify our terms -- between a sort of rotational scheduling. How many weeks on and how many weeks off kind of thing and over-time rates that are paid when a worker is on the job. I can't comment to the latter at all. I don't know, you know, what kind of rates get produced -- will get produced out of the negotiation except one would suspect they will be relatively high rates, particularly compared to what prevails in the Northwest Territories.

When it comes to the question of rotation schedules and that's what I take to mean by your word "shifts", we will again be going into that question later and pointing out that it is our intention to allow for flexibility for the northern resident which we will not allow for in the case of the southern transient who is employed on the pipeline. We would hope that that will go to the point of providing the option to the employee essentially, provided that once he makes an option, he sticks to it during that rotation.

In other words, if the

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1 employee came at the beginning and said, "I'd like to
2 work this kind of rotation", Arctic Gas intends to
3 attempt to accomodate that to the extent it can. We'll
4 go into this in greater detail. The only thing we
5 would want to guard against is having an employee come
6 along and decide half-way through his first week that
7 he wants a certain rotation schedule that hadn't been
8 planned for. But it is the intention to have a flexible
9 approach to work schedules for northern residents
10 employed in pipeline construction.

11 WITNESS BOORKMAN: Just let
12 me comment by saying that this is an area
13 that we are not expert in and that we'd be speculating.

14 Just one small related point,
15 as you know they have^a no strike clause in the contracts
16 and they had to pay for it. You know, you don't get
17 anything for nothing in the world.

18 Q But what effect if any
19 has it had in trying to build a pipeline in the year
20 or two years that it is trying to get built in, as
21 opposed to trying to build it over a longer period of
22 time? Has that had an effect on escalating the earnings
23 of the people working there?

24 WITNESS TRUSTY: I think the
25 only point to make there is that when you take a major
26 project of this type with the investments that are
27 involved, as soon as you contemplate spinning out that
28 investment period, you pay a very great deal in terms
29 of the interest on funds already committed. I would
30 argue as an economist that it is in society's interests

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not to have that waste occur because it is waste.
Every time you put a piece of steel pipe in the ground
and don't use it for some period of time, society is
paying a certain cost for that because resources are
lying unutilized. So, I would argue, as I say, that
you should build it in the shortest period of time
that you can, consistent with good management and man-
ageability of the project and so on.

Now, the other thing -- well,
the only thing that I was going to add is, I suspect
if you calculated the interest on funds used during
construction and compared it to the amount you pay
in overtime, you would find that the interest factor
greatly outweighs the overtime factor. But that's
a guess, I should add.

THE COMMISSIONER: I have no
doubt because industry always elects to pay overtime
rather than interest.

A That's the other point
that I meant to mention earlier. The other aspect of
this is that to the extent that there are demands that
can be met by local businesses or industries, those
industries may very well find that it is in their
interests then to go into overtime situations and allow
their employees the option of earning time and a-half
or double time, satisfying a demand that is created that
wasn't there before and probably would not be there
after construction and therefore ^{avoid} expansion or duplication
of facilities to meet that demand and at the same more

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effectively compete for the local labor force.

MR. SIGLER:

Q Whatever effect that has
on in-migration is another question though?

A Well, it could have. But
it is a point that is to be borne in mind that there
is that option for local industry as well.

Q O.K. Well if we can
go on to page six and I want to get into the area of
revenues and expenditures and you comment there on the
growth in state and local budgets in Alaska. I
wonder if anybody on this panel could tell us the
source of revenues that are available for both the
State Government and the Municipal Governments in
Alaska. What are their revenue sources?

WITNESS BOORKMAN: Are you
sure you want the answer to this question?

Q Generally with respect to
the State Government and this specific issue could
be with respect to the Municipal Governments.

A All right, the general
revenue sources for the State of Alaska are income,
excise and other direct -- let me give you some
relative figures. The fiscal year '73 which was the
last comprehensive data I happen to have in front
of me -- their three largest sources were, for the
State -- income, excise and operational taxes which was
23% of all total revenues.

Q So that's direct taxation
by the State?

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1 A Yes. Income from
2 investments, \$43 million or -- I don't have the
3 percentage there. That would be about, I'd say, 12%
4 and federal receipts are more than one-third of the
5 total.

6 If you want to get into all
7 the other ones, we can do it. But those are the
8 major three. They have business licenses, permits
9 and fees, miscellaneous licenses, revenue from State
10 land, revenue from federal land, income from investments,
11 a court system revenue, a special fund that
12 comes from things like tobacco taxes and all the rest,
13 income taxes.

14 Then at the local level, you
15 have property tax --

16 Q Well, back to the State,
17 what would be their revenue from royalty from resources?

18 A All right, they have
19 both royalties and severance taxes.

20 Q What percentage of their
21 total revenues are royalties?

22 A Royalty and -- just a
23 minute -- I will tell you. 12½% royalty and I think
24 it's four percent -- 8% sorry. The oil production
25 tax revenue is figured on one of two basis. The
26 easiest way of doing it is percent of value and that's
27 about 8% of the value of the oil produced.

28 Q No, I want to know what
29 percentage of that revenue is of the State revenue.

30 A Of State revenue?

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It isn't much now.

Kenai - Cook is the only place where they are getting royalty and severance taxes so far. Once you get Prudhoe Bay -- the oil starts flowing out of Prudhoe Bay, we anticipate that once they hit peak flow out of Prudhoe Bay that the State is going to get in royalties and severance taxes \$1.2 billion a year which is twice the State budget.

Q So, it will be --

A An enormous amount of money.

Q -- what -- 3/4 of the State's revenues will be earned from those royalties or --

A Well, if the State budget doesn't go up, 200% of the State budget will be earned. You know 200% of the current State budget will be generated each year in revenues. It is just a staggering amount of money compared to their other revenue sources. It is fair to say the State of Alaska is not a viable institute without the petroleum revenues.

THE COMMISSIONER: It's fair to say what?

A The State of Alaska is -- I'm going to get into a lot of trouble. It is not self-sufficient and I said a viable economic entity were it not for petroleum development. Assuming you want to provide a comparable level of services with the people that you have in other states.

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1
2 MR. SIGLER: O.K. What are
3 the revenue sources now then for the Municipal
4 Governments?

5 A Property taxes and sales
6 taxes-- sales and youth taxes are the --

7 Q What percentage of their
8 would you know say for Fairbanks what percentage of
9 its revenues would come from property taxes, sales
10 taxes or from grants from higher levels of government?

11 A I have a copy of the
12 Fairbanks Borough budget, but I don't have it with me.
13 That information could be submitted to the Inquiry.

14 Q I wonder if ^{you} could obtain
15 that and have it filed?

16 A Sure.

17 THE COMMISSIONER: Maybe you
18 could leave with us too the yellow book which I gather
19 was submitted to the FPC.

20 A Yes and I believe submitted
21 into evidence here.

22 MR STEEVES: I believe the
23 copy is from your library sir

24 A We had to borrow it from
25 you. We don't have a copy.

26 THE COMMISSIONER: Oh, it's
27 from our library.

28 A We'll try and get you
29 the most recent budget I believe we have is fiscal year
30 '74. We may have fiscal '75 of Fairbank's Borough Budget

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We'll be happy to submit that if -- the most recent volume we have or you could write and ask them for a copy.

MR. SIGLER: On page six, you mentioned that the State:

"In order to increase revenues last year, the State passed a 20 mil ad valorem tax on petroleum reserves. How did that tax work? I don't quite understand that tax that you mentioned there.

A I am not a tax attorney but as I understand it, it is a 20% tax on the value of the estimated petroleum reserves in the ground. I'm sorry, 20 mil .

Q It's 20 mil on the estimated value --

A --of petroleum reserves.

Q The State implemented that directly?

A Yes. The State legislature passed that tax.

THE COMMISSIONER: But you said that it was off the top.

A Yes, yes. It is a credit which will be paid back out of future payments -- severance taxes. So, it's really a borrowing. It's a way of borrowing against the money you're going to get later on because the State didn't have sufficient revenues to pay its bills.

MR. SIGLER: So the State, to meet that situation is using the monies now that it

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1 anticipates getting later on from the --

2 A Yes. That's right. Not
3 all but a proportion of it.

4 Q That's in order to
5 provide the basic services they have to provide now.

6 A Yes. As we said, they
7 spent the \$900 million on lease sales monies and their
8 revenue generation simply was not capable of keeping
9 up with the demand for increased services in the
10 pipeline boom period and so they borrowed against
11 future revenues generated by petroleum development.

12 Q I take it that these
13 revenues that they have been borrowed against -- the
14 funds that they get from this type of borrowing from
15 future revenues are the funds that are being used to
16 make grants available to the cities like Fairbanks and
17 Anchorage to have them provide the services?

18 A No, the majority would
19 not be in revenue sharing to local governments. The
20 majority would in direct State provision of services
21 increasing the Department of Health and Social Services,
22 adding new sanitariums, having monitors for the pipeline,
23 paying for the basic curriculum of the school system.

24 As I indicated earlier, the
25 State of Alaska, unlike most other states pays for more
26 of the cost directly, that local government traditionally
27 pay for in other localities. They pay for instance,
28 90% of the basic school curriculum -- 90% of the total
29 cost of that basic school curriculum, so additional funds
30 would go into that and into all the other social service
delivery areas.

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1 Q I use the example of
2 the Fairbanks North Star Borough as an example of the
3 problem of a revenue shortfall, on page 6 you use that.

4 A Yes.

5 Q And you mention sales
6 tax receipts. I take it then that the Boroughs have
7 their own direct sales taxes imposed?

8 A Yes, let me get you that
9 figure. Let me think where it is. I can't remember
10 the pages it's on, it's in our yellow volume somewhere.
11 I think it's a 3 percent sales tax in the Boroughs,
12 that may be wrong, maybe 2 percent, it's in that ball
13 park and the Borough also has property taxation powers.

14 Q How much of the Boroughs'
15 revenue would come from property taxation, do you know?

16 A You just asked me that,
17 and I said I'd have to send you the budget.

18 Q Right. Now, you also
19 state in your last sentence in that paragraph, the lag
20 between population impact and increased revenues has
21 aggravated the intensity of Alyeska impact, since
22 local funding sources have not grown fast enough to
23 keep up with the demand for more and better public
24 services. Do you have any solutions or recommendations
25 that you could propose to meet that problem from the
26 experience of the -- that the local funding sources
27 have had in Alaska?

28 A Certainly, stop in-migration.

29 Q That's the only solution
30 there is to it?

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1 A Well, the basic problem
2 we' re talking about is the fact that you've had an
3 enormous growth in local population without -- and there
4 is a lag between that in-migration of population and
5 additional revenues being produced to provide services
6 to meet the needs of those people, and you can either
7 do it one way or the other. You either find additional
8 revenues and distribute them to provide for the needs
9 of the people and given the nature of the taxation
10 system, that's probably going to have to happen in
11 Alaska at the state level, or you limit the influx of
12 people demanding those services, so that you don't have
13 the initial part of the problem in the first place.

14 In terms of local taxation,
15 the local sales taxes -- remember, we're not providing
16 most of the key services out of local revenues. Again,
17 let me reiterate the point that most of the key resources,
18 social service delivery systems that people rely on
19 are state funded or a much higher proportion than in
20 other states are state funded in Alaska.

21 So, the solution, in terms
22 of the revenue generation is likely to be a state
23 solution.

24 Q What about things like
25 sewer and water services within a community? Are those
26 provided by the state or by the municipality?

27 A No, that's provided by
28 the municipalities. We describe it in here, there is
29 a utility system, both within the city and in with
30 the North Star Borough and as we've said there

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1 have been real problems in expanding the system, not
2 so much inside the city because there hasn't been a
3 lot of growth inside the city limits, but in the
4 surrounding borough there's been major problems in
5 expanding the utility systems. The telephone system's
6 inadequate, there isn't any sewage system, there isn't
7 any water. The Golden Valley Electrical Association
8 is overloaded and is having power outages, and telling
9 people to buy home generators which is an interesting
10 thing for a power company to be telling people.

11 WITNESS J. WEINSTEIN: I'd
12 just like to add something further to clear up a bit
13 of the kinds of questions you're trying to get at, in
14 trying to locate the parallel between revenue sources
15 and services. In the U.S. many of your services are
16 provided by a number of levels of sources of funding.
17 In other words, you mention sewers and water. Now,
18 depending on how successful or how a locality determines
19 its policy, it can use local money entirely for sewers
20 and water, or it can use a matching system with the
21 state depending on state legislation, or under, like,
22 Community Development Act of the federal government,
23 you can use funds there for sewage and water.

24 So that if you take a particular
25 city, each of them might have a different mix of
26 funding sources for any one particular service.

27 WITNESS BOORKMAN: And we
should add to that there are special purpose districts,
which in the United States is simply another overlapping
district which has a geo-political boundary and is

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1 a taxing entity to provide a particular service, such
2 as education is a special purpose district, junior
3 college, special purpose district, a utility system,
4 special purpose district, so you have this -- one of
5 the things about the American governmental structure
6 that makes it so complicated at the local level is you
7 have all these competing jurisdictional areas with
8 different organizations, taxing entities, taxing and
9 providing services of a special type and the boundaries
10 don't correspond and they're not all governed by one
11 body, like a City Council or a County government.

12 WITNESS J. WEINSTEIN: And you
13 could live in -- you know, say Fairbanks. Now, depending
14 on whether you live on one side of the town or in the
15 borough, you're going to get a different set of services
16 and pay a different rate than if you live on the other
17 side of the line, and we're talking about sewage and
18 water, you talked about the amount of sewage and water
19 that's provided outside the borough is, I think, non
20 existent, that it's local wells and a septic tank system.
21 Whereas, if you live across the line in the city, and you
22 buy a house in a subdivision, within the city, then
23 you get sewage and water and you pay at a different
24 tax rate.

25 WITNESS BOORKMAN: You also
26 have the fire department.

27 WITNESS J. WEINSTEIN: Your
28 fire department so your insurance rates are different.
It has -- it's a very complicated thing and to look,
for instance if we gave you the funding pattern for the

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1 city of Fairbanks, you'd also want to look at the
2 revenue sources for the North Star Borough and then
3 you'd have to back up from there to see how much money
4 came from the state under what programmes and how
5 much money came from the federal government under
6 which programmes, and which services are provided by
7 special districts within Fairbanks and that would
8 be different than the set of services from Valdez.

9 WITNESS BOORKMAN: This may
10 sound like we're hedging on your question but it is
11 impossible, I think, in the United States, to say, take
12 an area, a city, not even in Alaska, where things are
13 even more complex, but take any city in the United
14 States and tell how many dollars go into that city
15 for social services from all funding sources. Nobody
16 can tell you. Nobody can tell you.

17 They did a three year study
18 of Oakland, California to try and --

19 Q Not even Mayor Beam?

20 WITNESS J. WEINSTEIN: Especially
21 Mayor Beam.

22 WITNESS BOORKMAN: No comment.

23 Q Well, because it would
24 be helpful --

25 A I suspect and I'm without
26 knowing your system, that you have somewhat more rational
27 or less complicated system of funding services at the
28 local level.

29 Q I guess we'll find out
30 if we get a pipeline.

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1 A No, I meant today.

2 Q But say for a community
3 such as Valdez, which isn't a large -- wasn't a large
4 community when it started and relatively speaking it's
5 not large in terms of absolute numbers now, going from
6 up to 6,000 and something using your figures. Would
7 you be able to comment more on that as an example?
8 Say, how were the increased services paid for there
9 by the municipality? Say, how were the services -- I
10 take it with that growth they had to put in new streets,
11 and new roads in the community, how would those have
12 been paid for or are you able to provide any answers
13 on that?

14 A It gets very complicated
15 because for each service, and as I said, we're not
16 experts on Valdez and frankly, none of us have been
17 there. That's not been a primary area of our inquiry,
18 but it gets very complicated because you've thrown
19 together, just in that sentence, a variety of services
20 paid for by different levels of government, and so un-
21 less you want to start breaking them out as we did
22 with Fairbanks where we said utilities, let's talk about
23 the utility thing and talk about the disparity within
24 the city or within the borough.

25 You talked about highways,
26 we have the State Department of Highways that has
27 basic authority there and you have the Highway Trust
28 Fund of the federal government and you have -- it's
29 a very complicated delivery system here, and the juris-
30 diction over local roads, which a city -- a first class

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Boorkman, Trusty
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1 city has, may be transferred to a borough government,
2 if there is a relevant borough government. For instance,
3 in the North Slope where the North Slope Borough is
4 attempting to get all the 21 municipal functions of
5 all the cities in the North Slope Borough transferred
6 to the North Slope Borough for them to implement for
7 reasons of economies of scale and rational policy
8 making and implementation of those decisions.

9 WITNESS J. WEINSTEIN: Size is
10 not necessarily a factor that makes it less complicated.

11 Q Right, okay. That answers
12 my question, in that you can't.

13 Would you be able to comment
14 on how the -- well, first of all, I take it in Alaska
15 that the municipalities do long-term financing of their
16 capital -- some of the costs of building the capital
17 services by way of debenture financing that are re-paid
18 out of current revenues every year?

19 WITNESS BOORKMAN: Some
20 services, not schools. There is bonding power and
21 they do long-term capital improvement planning and
22 they do set a capital improvement budget and they
23 can support that out of their local bonding power, yes.

24 Q Well, how do --

25 A There are limits, for
26 instance, on the amount of property taxes which a local
27 government can place on oil and gas properties, which
28 was a big issue on the North Slope, when they limited,
29 the legislature limited the North Slope Borough's ability

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3 to tax oil and gas property in the North Slope Borough
4 on a per capita basis. There is no limitation however,
5 for the purposes of paying off local bonds, so that's
6 an exception. The bonding power is without limit for
7 municipal governments in Alaska.

8 Q Would you be able to
9 comment on how much the long-term debt load of the
10 municipalities has grown in the state of Alaska in the
11 last few years?

12 A I can't give you that.
13 As I refer to specific jurisdiction we could -- that
14 would be in their local budget and for instance, for
15 Fairbanks when we get you the document you requested,
16 I'm sure that figure will be in there, but statewide
17 I have no idea.

18 Q Do you know if the property
19 tax level has increased or decreased with the growth
20 in the -- with the growth of assessment that there
21 would be in a community such as Fairbanks?

22 A Yes, I forget the assess-
23 ment rates in Fairbanks offhand, but they did increase
24 sharply and --

25 Q The mil rate would have
26 increased?

27 A Yes.

28 Q Even with the growing
29 level of assessed property in the community?

30 A Yes.

31 WITNESS D. WEINSTEIN: I'd like

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1 to make a comment on that. Clearly property tax
2 assessments have -- the property tax revenues have
3 grown, but no matter where you go in the United States
4 there is a considerable lag between increased public
5 costs of providing services and increasing the appraised
6 value of real estate. There's always a lag, no matter
7 where you go in the United States. If that lag
8 has been exacerbated at Fairbanks, it's, for example,
9 because they couldn't even find real estate appraisers
10 to hire.

11 Q Okay, what I'm getting
12 at is, has anybody there addressed themselves as to
13 what might happen after the in-migration leaves when
14 the boom's over? What's going to happen to the people
15 that are left behind to pay for the long-term municipal
16 financing that has been done? Has there been any
17 special relief set up?

18 WITNESS BOORKMAN: No.

19 WITNESS TRUSTY: Could I just
20 interject? This may help to clarify something, Mr.
21 Sigler, but you used the phrase, after the in-migrants
22 leave. By definition, really, the in-migrants take up
23 permanent residency. Now, it may be for a period of
24 five years or ten years, but that's one of the distinc-
25 tions that we're attempting to draw between the situation
26 in Alaska and in the Northwest Territories, where we're
27 talking in the Territories about transients in the true
28 sense of the word. They come in, they do the job, they
29 live in a camp and they go out, which is different from
30 the in-migrant, who comes in and rents an apartment, or

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1 buys a house or does other things in a city like
2 Fairbanks.

3 Q So, it is presumed that
4 the population of Fairbanks, Anchorage, Valdez, are
5 going to stay, at least at the levels they've grown to
6 in the last two years?

7 WITNESS BOORKMAN: We don't
8 predict overall decreases in population on a statewide
9 basis. There may be some communities that have a
10 temporary reduction in population. We haven't done
11 jurisdiction by jurisdiction projections because as I
12 said, our focus was on the Arctic Gas pipeline and not
13 the Alyeska pipeline.

14 The history of Alaska in-migration
15 tion has been that there's this wave of in-migration
16 for a natural resource extraction development project
17 and then some of the in-migrants leave and some stay.
18 In the state of Alaska, the whites in Alaska are all
19 in-migrants, at least their ancestors are and so there
20 has been a steady -- the way the population expands
21 in the state is by in-migration and people staying.
22 Not all will stay, we made estimates about how many
23 in-migrants would stay and how many would leave, following
24 Alyeska. But there is not going to be any sharp decline
25 in population of the state overall, in terms of the
26 period that will be measured by any census at least
27 and the thing to remember too, in terms -- you're
28 talking about revenue generation at the local level.
29 Remember, that in the case of Fairbanks, which, after
30 all, is the community that's most impacted by the Alyeska

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1 project, this is the size where you can measure such
2 things fairly easily, unlike Valdez, the capital
3 improvement planning and the expansion of the capital
4 resources of a community have not been done because
5 of the boom.
6

7 As we've said in our testimony,
8 the sewer system was planned for the pre-boom population
9 and there are no plans and no -- to expand it for the
10 boom population. It's causing a squeeze, it's causing
11 a problem during that boom period, but there -- it's
12 not like they were going to develop this enormous
13 capacity to handle the boom population and all of a
14 sudden they look around and there isn't anybody there
15 to use it, and so they're left with this enormously
16 expensive system on their hands.
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Cross-Exam by Sigler

1 Q So they haven't bothered
2 expanding to cover the boom population, they're still
3 at the level they were at before.

4 A That's why there's a
5 problem.

6 Q Now --

7 A Let me just make a further
8 some
9 point in the terms of 'social service deliveries when
10 you're talking about operating expenses, that's not
11 true. They've added staff, they've added additional
12 personnel in various categories. But it's likely that
13 the additions are not so great that when the boom is
14 over and you have some out-migration, that you're
15 going to be left with a tremendous residual capacity.
16 We don't anticipate that and I don't think they do
17 either.

18 Q And at the bottom of
19 page 6 you state that:

20 "State revenues are currently still being
21 distributed to local governments on a per
22 capita basis."

23 A That's not correct of
24 all of them. As I said, that highway maintenance money
25 which is revenue-sharing, is done on a mile basis.
26 But generally the revenue-sharing is per capita, yes.

27 Q Do you know how much
it is per capita that is granted?

A It depends on the service.
Maybe 10¢ a head for one service, and \$20 a head for
another. There is a revenue-sharing schedule which I

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think we have somewhere but I don't have it with me.

2 Q Is this the amount that's
3 granted on a per capita basis, the rate in any event
4 remains the same as it was before the latest boom?
5 Or are they reviewed, the amount of the per capita
6 grant?

7 A There are two things.
8 There is revenue-sharing, which is an on-going process
9 which has happened throughout in Alaska since statehood,
10 and is a continuing process. There's special impact
11 monies, which were specifically earmarked to try and
12 help communities that were going to be most impacted
13 by the pipeline. As we say at the bottom of this page
14 and at some other point in the testimony,

15 "Some of the limits on these impact funds were
16 overly restrictive and didn't always meet the
17 needs of the local community for using those
18 monies."

19 But there has been some attempt to provide impact
20 assistance because of the boom. Whether or not many
21 of the communities, I would argue that it was not
22 enough, it was too little too late. But the conflict
23 between local governments that bear the brunt of the
24 impact, and the state government which has to pay
25 for it.

26 Q Dealing first with the
27 programs that are ongoing ones that were in effect
28 for revenue-sharing before the latest boom --

29 A M-hm.

Q -- was there any change

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1 in those?

2 A Revenue-sharing

3 formulas?

4 Q In the formulas.

5 A Don't know, but it's
6 easy to find out.

7 Q O.K., how was the
8 amount of the extraordinary grants that would be made
9 available to each community determined?

10 THE COMMISSIONER: You mean
11 quantity of the absolute funds available for all communities?

12 MR. SIGLER: No.

13 Q How did they go about
14 setting up the special impact assistance fund program?

15 THE COMMISSIONER: I think
16 they're conferring on that very subject.

17 A We were just trying to
18 refresh our memories. In general it was grantsmanship.
19 Local governments who wanted impact monies would
20 apply to the state, and the state would act on their
21 request and either give them what they wanted or
22 give them less, and so that the usual rule of writing
23 a good proposal and justifying how much money you
24 needed was the rule, and some communities probably
25 needed more money but got less because they weren't
26 very adept at the grantsmanship game. There has been
27 a lot of dispute in Alaska about the level of impact
28 funds and the method by which they were allocated.

MR. SIGLER:

29 Q So there's been a lot of
dispute from the municipalities and their local councils?

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1 A I don't know, what's the
4 distinction?

5 Q Well, I mean the city and
6 the Borough Councils.

7 A Yes, from both.

8 Q They have not been happy
9 with the amount.

10 A They always felt they
11 needed more money. Not an unusual situation.

12 Q Now, do you know any
13 details or the basis of what is contained in this
14 Bill that's currently before the Alaska Legislature
15 to correct the deficiency caused by per capita grants?

16 WITNESS J. WEINSTEIN: As
17 far as we know I'm not sure what its final form was,
18 but basically what it did was it put an absolute
19 amount that each community as a minimum would get,
20 and this would -- I think it was \$25,000, but again
21 I don't know. The problem was that if anything were
22 distributed by per capita, many times the small communi-
23 ties would not have enough money per capita to say
24 pay a city manager or to begin a planning process,
25 and this was one of the major complaints of the
26 smaller communities. So therefore this legislation
27 that is spoken to on page 6 here was an attempt to
28 put a floor in, say, "O.K., you absolutely will get
29 say \$25,000, that should allow you to establish
30 some form of ongoing professional government or
31 whatever you want to call it, and then you can make
32 the plans for future impacts."

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So that the key was the fact that they gave each community a specific amount rather than a per capita distribution.

WITNESS BOORKMAN: I think that that sort of an underlying issue needs to be brought out perhaps, and that is I think we've been getting bogged down in the overlapping jurisdictional lines of who provides what in Alaska, from City Government to a Borough Government to a State Government, to the Federal Government, ^{because} a lot of money comes in still through block grants or categorical programs from the Federal Government, various agencies of it, and I suspect that on the Canadian side, without knowing much about your system of service delivery, that the important thing is to determine early on what is the likely level of impacts in various social service delivery fields? What level of government, whether local, territorial, or federal, has the responsibility for providing those services, and how can we get the money where it's most needed? The bottom line, I think, of our testimony would be that in Alaska that process was an erratic one and didn't satisfy a lot of communities that felt they were being heavily impacted and not getting the support they needed from the state, and the state probably thought they were being unreasonable about their demands on state resources at the time when the budget was increasing rapidly and they didn't have any more revenues coming in, so it's one of those typical tradeoffs in terms of planning that nobody was very happy with.

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1 Q I think what I'm trying
2 to get out of you with my question is any information
3 you can provide as to what problems the municipalities
4 or the boroughs have had in providing the services
5 that they were required to provide, and what kind
6 of recommendations you might be able to make so that
7 we might be able to avoid those here.

8 A That's hard for me to
9 respond to because I don't know your system of providing
10 social services in the Northwest Territories, or your
11 taxation system, or your -- I don't know if you have
12 a block grant system, or what the role the Federal
13 Government is to the Territorial, and how the local
14 communities can tax and what they can tax. I mean
15 unless I knew that, it's fairly hard for me to make
16 parallellisms with Alaska. I can simply tell you that
17 the general structure of things in Alaska, which is
18 a very complex one in terms of revenue-generation
19 and capital improvements, budgeting, and operating
20 expense budgeting, and it varies from subject matter
21 to subject matter, and it varies over time depending
22 on the shifts and per capita revenue-sharing figures.
23 But now we need to have a discussion which I've
24 learned a little bit about your system before I can
25 respond as --

26 Q You'd recommend a simpler
27 system than the one you've got.

28 A It would be very nice,
29 yes.

30 Q One that wasn't based

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on a per capita grant for small communities.

A Well, I mean the issue really is where are you hurting and how do you get money there, and if a per capita grant doesn't get it to the right place, then perhaps the grants system doesn't make a lot of sense. I don't think it's very complex, it's a fairly straightforward proposition. You want to put the money where the hurt is, and a system that will allow you to do that, to anticipate where the hurt is going to be, to be very clear about who is going to be responsible under the existing system or under some modification of your delivery system for providing a bandaid to that hurt, or remedial actions to prevent the hurt, and then providing the necessary resources at the right time, which is another critical element. As we've said in our testimony, one of the things about the Alaska experience that I think we've learned a lot about, and I think they have, and hopefully the Canadians will as well, is that remedial action is often much less desirable than farsighted preventive action. That's easy to say. Hindsight is always easy to apply, but if some of these issues had been dealt with early on, and if for instance, in answer to an earlier question as stated, it had a long term, say a 5-year impact budgeting process that they started in 1970 or maybe even earlier than that when they discovered the oil and gas at Prudhoe Bay, a lot of these negative impacts would have assuaged earlier.

If I can just elaborate on that for just a second, there was a strange phenomenon

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1 that occurred in Alaska, at least that we observed, and
2 hopefully it won't happen in the Northwest Territories.
3 That was that when we began to work on our yellow
4 volume that we've referred to, we went to Alaska,
5 did some field work, gathered data that wasn't available
6 outside the state, and tried to talk to all the
7 Commissioners of the various State Departments --
8 education, health and social services, and revenue,
9 administration, all of them -- and there was a strange
10 kind of feeling that we came back
11 with, which was that people had talked about the
12 impact of this pipeline for so long and we were talking
13 in 1973 for years since they thought they were going
14 to build the pipeline (it had been delayed, of course),
15 people had been talking about the impact for so long
16 that it had become unreal. It was almost a self-
17 mesmerizing kind of process, in which in 1974 when
18 Alyeska began to hire and to build that pipeline, people
19 that had been talking about impact for five years were
20 surprised, just like if you talk about something long
21 enough and it takes on an unreality, apart from the
22 words,

23 THE COMMISSIONER: They thought
24 there was going to be another workshop, another
25 series of workshops before they got under way.

26 A Yes, you must feel the
27 same way about this Inquiry, it's never going to end.
28 But the reason I mention that is because I think that
29 that's sort of -- I don't think that that's because
30

Weinstein, Weinstein
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Cross-Exam by Sigler

1 of the planners, there are good planners in Alaska,
2 or that the State Government wasn't concerned about
3 these things. I think it's just very hard, when they're
4 used to budgeting on a one-year basis and you have
5 all the pressures on local legislators and decision-
6 makers that any governmental system has, to say, you
7 know to put aside today's crisis or next year's budget
8 and when the legislature is breathing down your neck
9 and you've got to have your budget ready for the
10 governor to present at the first session of the
11 Legislature, and all those day to day pressures, to
12 step back and say, "Wait a minute, let's look at what
13 we're going to do five years from now. What are
14 the problems in this functional area, say education
15 and how are we going to deal with them?"

16 I think it's critical to do
17 that, and if you can't do it better than Alaska,
18 then you're going to have some of the same problems
19 they ran into. But it was very difficult and I can
20 see a lot of the constraints that kept them from doing
21 that, there were a lot of day to day pressures, and
22 Alaska is not a state that is a mile deep in planning
23 talent. That's not a put-down of Alaska, it's
24 simply a reflection of a small population on a limited
25 budget for planning staff.

26 Q Did the special impact
27 assistance fund cover things like recreation facilities
28 for the fast growth communities?

29 A As we mentioned in here,
30 one of the three areas in which you could spend impact

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Sigler

1 funds for capital purposes was in recreation facilities.
2 That was one of them. The local governments wished there
3 were more. They could use them for capital purposes.
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1 THE COMMISSIONER: By the
2 way, so you don't go away with the ^{wrong} impression, this
3 Inquiry is established by the Government of Canada --
4 by the Federal Government to do just those kinds of
5 things and we don't have people breathing down our necks
6 to have us deal with day-to-day problems, which is an
7 advantage -- a great advantage to this kind of Inquiry.

8 A I'm sure Alaska envys
9 you the time and concern.

10 THE COMMISSIONER: How are we
11 doing in terms of the coffee break?

12 MR. SCOTT: Well, Mr. Sigler's
13 half-hour is I would say drawing to a close.

14 MR. SIGLER: Well, I was inter-
15 rupted once.

16 THE COMMISSIONER: Well, let's
17 take a break for coffee then and come back and you can
18 clean up in a minute or two, I suppose.

19 (PROCEEDINGS ADJOURNED FOR A FEW MINUTES)

20 (PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

21 MR. SIGLER: I realize the
22 difficulty the panel is, sir, having in trying to answer
23 some of my specific questions about municipal financing,
24 so I will bear that in mind in my subsequent questions.
25 It might speed us up a bit.

26 Now, on page seven, you start
27 talking about specific private and public goods and
28 services. The first one is housing and you mentioned
29 that the State housing industry is primarily private.
30 I wonder if the land development is done by private

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Cross-Exam by Sigler

1 developers there or if it is done by the municipalities
2 or by the State or --

3 A We don't have publicly
4 built housing in the United States with the exception
5 of military bases. But the most we have is federal
6 programs administered by the Department of Housing and
7 Urban Development which is one of our federal departments
8 and the Administrative Branch which subsidizes -- it's
9 a unit subsidization program in which you are subsidizing
10 the unit by rent supplements or by artificially sub-
11 sidizing the mortgage rates so that the housing is cheaper.
12 But the Federal Government doesn't build housing as it
13 does here.

14 Q I'm ^{not} talking actually
15 of house construction. I am talking about development
16 of land banks around municipalities.

17 A No.

18 Q Who decides what areas
19 are going to be opened for new housing subdivisions?

20 A Theoretically the Zoning
21 Board that has jurisdiction in that area. As we said
22 in our testimony, land use planning in Alaska is
23 fairly rudimentary. There is a, for instance around
24 Fairbanks, the North Star Borough has a Planning
25 Department that has zoning powers.

26 Q Well who does the private
27 developer go to to buy the land that it is going to
develop for its housing projects?

A The person that owns the

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1 land.

2
3 Q Pardon?

4 A The person that owns
5 the land.

6 Q Was most of the
7 land owned privately before the boom period started?

8 A Well, there is a lot of
9 federal and now State land and of course land that the
10 natives have as private -- they own in joint under the
11 Native Claims Settlement Act. There is a lot more land
12 that is non-privately owned in Alaska than in most
13 states, but you would go to a private owner to buy land
14 to construct a house if you wanted to.

15 Q Say the City of Fairbanks,
16 before this latest boom period started must have been
17 a certain size and it must have grown larger in its
18 area over the course of this latest boom. Well, who
19 would have owned the land?

20 A Well, no, they have not
21 annexed any additional land.

22 Q They haven't?

23 A No. That -- one of the
24 points we made in our testimony is most of the develop-
25 ment that's occurred in both industrial and residential
26 has happened outside of the city limits of Fairbanks
27 in the North Star Borough. Areas which are not served
28 by a lot of the service delivery systems like utilities,
29 water systems, fire protection and the rest.

30 Q So the expansion is taking
placing outside of the actual municipality.

Weinstein, Weinstein
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Cross-Exam by Sigler

1
2 A Yes, in which you have
3 some real developmental constraints.

4 Q Who would that land have
5 been owned by? The State or by private people before?

6 A Private people.

7 Q Now, talking on utilities
8 -- electrical utilities, page nine. I wonder if there
9 is a Public Utilities Board or regulatory agency in the
10 State of Alaska that's responsible for the planning of
11 new electrical services or the expansion of existing
12 capacities?

13 A There's a Public Utilities
14 Commission. I don't remember the exact name and state,
15 which sets rates. But expansion planning and that type
16 of thing is done by each local utility.

17 Q Would that contribute
18 to the problem, of not enough planning having gone into
19 planning of new electrical facilities or increased
20 capacities?

21 A Well, as we said, the
22 Electrical Association outside of the city limits -- the
23 one that serves the borough is having serious problems
24 with power outages because the system is not capable
25 of providing the requisite number of -- the requisite
26 amount of power during peak loading periods which occur
27 in the winter when you have to heat homes and you need
28 more light.

29 Q Although we are pretty
30 envious of you here in that you -- they only had two

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Sigler

1 power outages in December. I am sure we must have had
2 at least six.

3
4 A Everything is relative,
5 I guess.

6 Q Public safety. You've
7 mentioned the crime statistics and stating that the:
8 "Contrary to public opinion in sections of the
9 lower 48, the crime in Alaska has risen no
10 faster than the increase in population."

11 A Yes. That's most true
12 of the serious crimes. As we point out in there the
13 statistic, Part II, crimes have increased more rapidly
14 than population.

15 Q Yes, I would take it
16 you would have to admit that the problem that we dis-
17 cussed earlier of police officers leaving their jobs
18 to take jobs in Alyeska has complicated the problem of
19 public safety.

20 A Of course. Even if
21 crime statistics are consistent, don't rise or decrease,
22 and you have less police officers, law enforcement is
23 a problem.

24 Q Would you be able to
25 comment perhaps on any reason why the rate of inflation
26 in Fairbanks is substantially higher than in Anchorage?
27 What would account for that?

28 A The rate of inflation
29 in Fairbanks is higher than in Anchorage. Well, for
30 one thing, you have more impact in Fairbanks than you

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Cross-Exam by Sigler

1 do in Anchorage and it is a smaller community and less
2 able to handle it. The drain on existing goods and
3 services is greater and the ability to provide, to
4 supply them is less.

5 Q I see. So the smaller
6 the community that you start with, the impact is going
7 to have more of an inflationary --

8 WITNESS D. WEINSTEIN: No.
9 The answer -- Fairbanks is the inflation of both cost
10 push and demand pull. Demand pull, all the in-migrants
11 going to Fairbanks; supply can't expand fast enough to
12 keep the price down and match the increase in demand,
13 therefore price is increased. The cost push because of
14 the high wage scale due to basically Alyeska construction.

15 Your statement that the smaller
16 the community, the greater the inflation does not
17 necessarily follow. If it is a small community and
18 supply is able to be increased correspondingly with an
19 increase in demand, no, prices are not going rise.
20 The problem in Alaska -- the demand pull problem -- has
21 been that supply has not been able to be increased as
22 rapidly as demand, therefore prices increase.

23 WITNESS BOORKMAN: Which is
24 the function of two things. One, the lower economic
25 level of the community and its ability to generate
26 locally and also the transportation difficulties.

27 WITNESS D. WEINSTEIN: Yes,
28 in other words, let's say if Fairbanks were a suburb
29 of Vancouver and you had a massive in-migration --
30

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Sigler

presumably that suburb of Vancouver would be able to expand its supply of public service more quickly and with fewer bottlenecks than Fairbanks, Alaska.

Q So, you're saying that the further isolated the community is, the harder it will be to keep up with the demand of services?

WITNESS BOORKMAN: Well look, you can supply -- you can meet demand in one of two ways. You can generate the supply of goods or services needed to meet that demand locally, which is more difficult in the smaller community because you have a lower economic level. You have less manufacturing, less goods and services to distribute. Or you have the means of transportation to get them in. In Fairbanks, it's not as big as Anchorage. It doesn't have the same level of goods and services locally, and transportation is a problem.

Q so those are all the factors that contribute --

A Yes. That's one of the reasons for instance that Edmonton we thought -- I said earlier would be more able to handle a wave of in-migration as a hiring center than say Fairbanks would, because it is a much larger community and it supposedly -- transportation is easier to Edmonton I suspect than to Fairbanks, and also it has a larger economic base so it can supply goods and services locally, that are locally generated.

Q When you talk of small

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Sigler

1 village impacts starting on page 14, what size of
2 communities are you talking about as being small villages?

3 A 500 and less, generally.

4 As we say here, the one area in which there has probably
5 been a serious data problem is monitoring what has
6 been happening in a lot of the small villages in
7 Alaska and I realize that that is of special interest
8 to this Inquiry. I simply hope that there is some
9 mechanism developed out of this Inquiry for monitoring
10 what has happened in some of the small villages and in
11 learning whatever you can learn from their experience.
12 But these are quite small villages. I assume from what
13 I have heard about the populations of the villages that
14 would be nearest to the Arctic Gas line in the
15 Northwest Territory, that it would be roughly comparable.

16 There aren't that many small
17 villages however directly adjacent to the Alyeska
18 pipeline it should be pointed out.

19 THE COMMISSIONER: As a matter
20 of fact, that had occurred to me from Prudhoe Bay south
21 to Fairbanks, you are really going through wilderness.

22 A Yes.

23 Q Then from Fairbanks south
24 to Valdez, you run through that Copper Center area where
25 you have two or three villages but they were, to use
26 the jargon, impacted 25 years ago when the highway
27 was built.

28 A Yes. That's right.

29 MR. SIGLER: O.K. Going on.

30 When you list your three crucial factors on page 19, the

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Sigler

1 last one being the lack of adequate state planning,
2 I take it, just to recap that included in that on a
3 general basis, you would say that includes the lack of
4 planning by the State to fund the municipalities
5 or the local communities?
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Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Sigler

1 A I'd say it was a lack
2 of anticipatory planning to mitigate in advance the
3 negative impacts. Whether or not that should be done
4 by giving more money to local communities is a policy
5 decision, and it's not the only way of doing it.
6 I understand that your clients would prefer to go that
7 route probably.

8 Q You see the necessity,
9 though, do you, that the municipalities of the
10 communities be involved in the planning level in
11 advance of the project?

12 A Well, I think as a matter
13 of general policy it's wise to incorporate into the
14 planning process everyone who has a stake in the impact.

15 Q Talking about the Fairbanks
16 hiring halls, I wonder if you could explain or know
17 how it actually came to pass that all the unions
18 hiring halls happened to be situated in Fairbanks?
19 Were they there before the decision was made, or
20 what?

21 WITNESS J. WEINSTEIN: Fairbanks,
22 you know, is right in the centre of development for
23 North Alaska, and there always have been local unions
24 or union locals in Fairbanks, and when it came down to
25 how they negotiated the settlement between the various
26 unions, international unions, between Alyeska and
27 the state, that was one of the things. They were in
28 place, they were already effective ly in hiring halls,
29 and that was the way that the procedure was set up.

30 Q This is where their

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Sigler

1 offices were.

2 A I don't know what you
3 mean by "offices". They had hiring halls. They're
4 different than offices.

5 WITNESS BOORKMAN: They had
6 offices in Anchorage.

7 Q They had hiring halls in
8 Fairbanks so those were continued.

WITNESS J. WEINSTEIN:

9 A Yes, the unions had
10 set it up so that specific locals had jurisdiction
11 within a designated geographic area and for North
12 Alaska for most of those unions that was Fairbanks.

13 WITNESS BOORKMAN: We
14 could just say in fairness to the record that an Arctic
15 Gas witness will testify on all the labor issues
16 in a later panel, and will probably give you a better
17 historical sense of the development of those agreements.

18 Q When you talk of the
19 factor of lack of state planning, how much -- would
20 you be able to comment from your experience in Alaska
21 how much lead time would properly be required to work
22 out the planning by the state or different levels of
23 government? I take it from your evidence that a
24 lot of the ^{problem of} lack of planning was caused by the sort of
25 the gun at the head sort of, and having to proceed
26 right away with the project.

27 A I can't imagine having
28 any more lead time than they had in Alaska for the
29 Alyeska project. I mean it was delayed for years.
30 How much time do you need to adequately plan for

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Sigler

1
2 impact? I don't know. I think you have to make a basic
3 commitment to it and it depends on how complex the
4 impacts are likely to be, and how many levels of
5 government or delivery agencies you have to incorporate
6 into that planning process, and have clear-view plans.
7 It has much to do with the decision-making process
8 in the jurisdiction you're talking about. Concept-
9 ually the basic issues aren't that difficult. What's
10 hard is building political and legislative support for
11 them, as in most areas.

12 It should be noted that the
13 State of Alaska doesn't have a lot of planning in-house,
14 they have a State Planning Department, but it doesn't
15 do long-term planning in the areas we're talking about.
16 The planning was done around impact, anticipated
17 impact was largely done in each of the state agencies,
18 like the Department of Education. Now there was some
19 attempt by the Department of Administration to do -- to
20 encourage and provide a mechanism for long-term planning
21 but it was pretty much stillborn, and what we ran
22 into in Alaska ^{was a situation} where about the only long-term planning
23 that was being done was being done by summer interns
24 who would come in for three months and do some planning.
25 It was actually very good many times, and then they'd
26 leave at the end of the summer. These were not, you
27 know, High School students, they were graduate students
28 or people with graduate degrees, and they'd leave after
29 the summer was over and the plans would just sit there.
30 That's sometimes the way we feel when we write a report.

Wainstein, Weinstein
Boorkman, Trusty
Cross-Exam by Sigler

1 Does anyone read it?

2 WITNESS D. WEINSTEIN: You
3 know, I think it's realistic just to say that the
4 bottleneck in planning is political.

5 Q Yes.

6 A I think we and the people
7 who have analyzed the situation come up with solutions
8 which certainly would have mitigated the negative
9 impact in Alaska, and will mitigate future negative
10 impact you know, when and if another major project
11 is built in Alaska. These policies could be implemented
12 immediately if the political process works quickly.
13 If it works quickly in Canada you'll get it done in
14 two months; if it takes a long time it will take you
15 ten years.

16 WITNESS BOORKMAN: If we
17 were all philosophers or kings there wouldn't be any
18 problem.

19 Q It's a matter of
20 implementing the plans as much as formulating the
21 plans.

22 A It's an act of will,
23 political will.

24 Q The reason I asked that
25 question is that we plan to call witnesses from the
26 Territorial Government, showing what their planning
27 efforts are at this time related to this type of
28 project, and given a guestimate of how far that might
29 be down the road and how much planning they have
30 before them, whether it's realistic for them to complete
their planning in that length of time. I was interested

Weinstein, Weinstein,
Boorkman, Trusty
Cross-Exam by Sigler

1 to know of anything you might have to help us tell
2 how long the planning process did take in Alaska, or
3 whether it was a problem of time or just poor planning
4 that was actually done that caused the problems.

5 A I don't think it's a
6 problem of time, I think it's just a matter of what
7 we often call the key actors, can they talk with each
8 other and deal with each other effectively and reach
9 solutions instead of bickering?

10 Q There's a sentence in
11 the last complete paragraph on that page, the last
12 sentence says that,

13 "The lag between increased tax revenues
14 and increased population has meant that new
15 sources of public financing have had to be found."
16 Now, I take it one new source of that public financing
17 is in effect the borrowing on the royalties that
18 will be coming in later on from the petroleum. What
19 other new sources of public financing have been found?
20 Can you give any more examples?

21 A Well, they debated
22 selling more leases.

23 WITNESS D. WEINSTEIN: As we
24 mentioned in our report, prepayment of taxes including
25 property taxes by three months to get the payment date
26 was moved to the last day of fiscal '77.

27 WITNESS BOORKMAN: There are
28 other options. You raise the income tax, you raise the
29 sales tax, you raise the property tax, all of which
30 are not politically very palatable.

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Sigler
Q I don't know which ones

1 could be made, I wanted to know
2 from your experience which ones have been used
3 because you state that new sources have had to be
4 found. I wondered if you could help us by telling us
5 what those new sources are?

WITNESS D. WEINSTEIN: We gave you two.

6 WITNESS BOORKMAN: I sorry, I just
7 don't know frankly which of the jurisdictions
8 in Alaska, if any, have raised their -- I'm
9 not aware of increases in sales tax.

10 Q The problem I'm having
11 is --

12 A Property taxes have
13 increased.

14 Q The problem I'm having
15 is that you make statements in your paper, and then I
16 try to get examples or details of the basis for these
17 statements, and you say you're unable to answer them.

WITNESS D. WEINSTEIN:

18 A I think that's an unfair
19 comment, because I'd say at least three times in
20 our testimony we've mentioned the two major sources
21 of new funding,
22 (1) the prepayment of taxes three months until the
23 last day of the fiscal '77, and
24 (2) 20-mill ad valorem tax, which is the prepayment
25 borrowing against the severance taxes, and in our
26 earlier discussion with you we talked about property
27 tax and we mentioned that we believe the property taxes
28 had in fact been increased substantially in the last
29 few years in Alaska.

30 WITNESS BOORKMAN: You're

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Sigler

1 also, I think your question assumes that the solution
2 to the problems have been found, and I think our
3 testimony indicates that there are a lot of unresolved
4 hassels in Alaska, and if revenue generation had per-
5 fectly matched population increases, there wouldn't be
6 those problems.

7 THE COMMISSIONER: So there
8 have been no further measures taken besides the three
9 you've outlined --

10 A Yes.

11 Q -- to make up the deficit.

12 A Right. Certainly there
13 are no major ones. There aren't that many places
14 from which you can generate new revenues.

15 MR. SIGLER: Q Well, if we go
16 into the second -- Mr. Trusty's paper, he's inferring
17 the situation is going to be different in the Northwest
18 Territories. How would it be different here, the problem
19 of not having adequate sources of public financing?

20 WITNESS TRUSTY: Well, I would --

21 MR. STEEVES: I wonder if my
22 learned friend would excuse me, sir. On the basis of
23 my advice these gentlemen from the lower 48 made plane
24 reservations tonight. Mr. Trusty will be here tomorrow.
25 I wonder if my friend would be so kind as to defer
26 his cross-examination of Mr. Trusty in the hope that
27 everyone can get through their cross-examination.

28 THE COMMISSIONER: Yes, when
29 is the plane --

30 MR. BAYLY: Mr. Commissioner, if

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Sigler
Cross-Exam by Bayly

1 we're not going to sit tonight then possibly --

2 THE COMMISSIONER: Can I
3 just ask when the plane --

4 A We have reservations
5 for 7:45, I think it is.

6 MR. SIGLER: The rest of my
7 questions will be for Mr. Trusty.

8 MR. STEEVES: These gentlemen
9 have --

10 THE COMMISSIONER: Let's
11 carry on then, in any event. Who is next?

12 MR. SCOTT: Is Mr. Sigler
13 finished? I'm not clear.

14 MR. SIGLER: Yes. I'm finished
15 except for Mr. Trusty.

16 MR. SCOTT: All right. Mr.
17 Bayly?

18

19 CROSS-EXAMINATION BY MR. BAYLY:

20 Q Gentlemen, page 1 of
21 your direct evidence, you said your evidence does not
22 deal with the Alaska Native Claims Settlement Act, and
23 I take it from that and from your curriculum vitae
24 that it is because you have no expertise or background
25 in that area. Is that correct?

26 WITNESS BOORKMAN: We're not
27 experts on the details of the Native Claims Settlement
28 Act in Alaska. We know its general provisions, through
29 our work in looking at Alaska, but if you want detailed
30 analyses we're not the people to ask.

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Bayly

1 Q And you have also not
2 in your evidence gone into the effects in Alaska on
3 native people in particular, and is that for the
4 same reason?

5 A Generally, yes.

6 Q Although I take it
7 you may be aware that there may be different kinds of
8 impacts on native people in particular, as opposed to
9 either your in-migrants or the long-time white residents
10 of Alaska.

11 A Yes.

12 Q So any questions that I
13 might ask on the impact of the project on the ability
14 of native peoples to implement their land claims
15 settlement under the Land Settlement Act would be ones
16 that I shouldn't address to you.

17 A I would think that you
18 would get more out of other witnesses.

19 MR. BAYLY:

20 So presumably, Mr.
21 Commissioner, from the evidence that we're getting
22 from Arctic Gas, not from their witnesses. You don't
23 intend to call any evidence on that?

24 A I'm sorry, I'm
25 having trouble hearing you.

26 THE COMMISSIONER: Yes, so
27 am I. If you are saying that you don't intend to ask
28 these gentlemen any questions about impact on native
29 peoples in Alaska, a subject they have eschewed
30 well I'll go right along with that, because they have
disclaimed any special knowledge in the matter.

Weinstein, Weinstein,
Boorkman, Trusty
Cross-Exam by Bayly

1 MR. BAYLY: That's what I'm
2 trying to establish sir, and if they don't have the
3 knowledge I won't pursue it, but I want to make sure
4 they don't so that --

5 THE COMMISSIONER: Well, Mr.
6 Boorkman, as I understand it, you said that the collection
7 of data related to impact on rural villages, which were
8 essentially native villages is simply not there, and
9 as far as the hiring of natives on the pipeline is
10 concerned, you had a footnote that dealt with that,
11 but that was about the size of it. 5,000 in total and
12 8,000 jobs.

13 A Yes, and we're not -- we
14 don't know enough about the statistics yet to be able
15 to evaluate them very accurately.

16 THE COMMISSIONER: So, I think
17 we've drained the panel's capacity to help us on that,
18 on those subjects.

19 A Let me in fairness just
20 say that we have done more detailed work in one native
21 village in Alaska, as part of our work for Arctic Gas
22 on a continuing basis, and know something about the
23 dynamics of the local social and economic system there,
24 including land claims, but in terms of general -- being
25 general experts in land claims and its impact around
26 the state, we're not the right people.

27 If you'd like to hear about
28 Kaktovik I can tell you.

29 MR. BAYLY:

Q Well, unless you can say
whether or not that is something we could apply in a

Weinstein, Weinstein,
Boorkman, Trusty
Cross-Exam by Bayly

1
2 general way, either to Alaska or to what we may expect
3 in the Mackenzie Valley, it may not be of much use to
4 us and you can perhaps be the best judge of that. If
5 you think it is of some universal application, perhaps
6 you can tell us what selective impacts there have been.

7 A No, I think no more
8 than we've described very tangentially in our testimony,
9 which is that the Settlement Act has accelerated
10 the social, political and economic integration of
11 natives into Alaskan life and that's sort of a bottom
12 line generalization, which I think is accurate and --
13 but in terms of specifics that are universally relevant
14 to the Mackenzie delta, I assume without knowing much
15 about your land claim situation that the situation is
16 different enough here so that the Kaktovik experience
17 would not be directly relevant.

18 A All right. Now, one of
19 the problems that you seem to have isolated, with
20 regard to the construction of the Alyeska line is that
21 it involved a lot of what you call in-migration.

22 Now, I gather from an answer
23 that Mr. Trusty gave that he, at least, distinguishes
24 between transients and in-migrants, and I wonder if you
25 do the same and if there is a difference you could tell
26 us what it is.

27 A The difference between
28 transients and in-migrants. What distinction did you
29 make?

30 WITNESS TRUSTY: My distinction

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Cross-Exam by Bayly

1 is that an in-migrant is someone who establishes
2 residence in a region for some period of time. A
3 transient is someone who comes in to do a specific
4 job and goes out when that job is done. That's the
5 distinction I made in general terms. I added that
6 the transients, in the case of the Arctic Gas pipeline
7 would be expected by and large to live in the construc-
8 tion camps and so wouldn't even be in communities.

9 THE COMMISSIONER: Now, let
10 me just pursue that because that's certainly a worth-
11 while distinction to make, but a teacher who goes into
12 Fort Wrigley to teach for a year, intending to leave
13 at the end of the school year has been a transient, there's
14 no question about that.

15 A That's right yes. There's
16 a semantics problem, obviously, with these two terms.

17 I think another way to put
18 it, is, after a project is finished, has the population
19 changed and if it has changed, then the change is a
20 measure of in-migration, you know, if you leave out
21 the natural increase factor. In other words, new
22 permanent residents have been established in a region.

23 Q Excuse me,
24 sorry, you would then say that all the people who worked
25 on rigs in the Mackenzie delta and are flown in and out
26 of Edmonton --

27 A Are transients.

28 Q -- are transients.

29 A That's correct.

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Boorkman, Trusty
Cross-Exam by Bayly

1 Q And that people at Pine
2 Point though, coming there to work in the mine and bringing
3 their families are --

4 A Are permanent -- are in-
5 migrants. They may stay five years or -- I think we
6 had very clear examples in the testimony that was
7 presented earlier in this phase with respect to the
8 Yukon, where the population of the Yukon, if I recall
9 accurately the figures, there were 34,000 construction
10 workers working on the highway. They, by and large,
11 all left. The population of Whitehorse mushroomed to
12 some quite large number and fell back so that today
13 it's at a number that it was at in pre-highway construc-
14 tion times. So, I think that's part of the distinction.

15 MR. BAYLY:

16 Q Well, Mr. Boorkman and
17 Mssrs. Weinstein, is this a distinction that you make
18 for the impact that you've outlined?

19 WITNESS BOORKMAN: No, we
20 don't make the distinction. For us an in-migrant is
21 someone coming to Alaska in search of a job that they
22 do not have at that time, hoping to get one, or a person
23 who comes knowing they have a job on the pipeline.

24 We do distinguish, and this
25 is sort of a parallel distinction, but we don't use
26 the same terms. We distinguish throughout our work
27 between direct employment on the pipeline, where people
28 are imported from outside to work directly on pipeline
29 related jobs, and secondary and indirect, people that
30 come in and take, or seek to take secondary and indirect

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1 jobs, but we don't make the distinction in those terms,
2 no.

3 WITNESS D. WEINSTEIN: In
4 our terminology, in-migrants -- the category includes
5 Mr. Trusty's category of transients.

6 Q Yes, right, and I take it
7 that whether you call them in-migrants or transients,
8 they are people who take up housing space, jobs, use
9 community services of one kind and another.

10 WITNESS BOORKMAN: No.

11 THE COMMISSIONER: Provided
12 they're not employed directly on the pipeline, Mr.
13 Trusty says he'll put them in camps.

14 A Yes, his transients --

15 Q So, they won't be a burden.

16 A There's another --

17 Q The people on pipeline
18 related employment taking up housing and feeding that
19 will constitute the burden on this --

20 MR. BAYLY:

21 Q I understand that.

22 WITNESS TRUSTY: There's another
23 important distinction, Mr. Bayly, that explains this
24 difference in terminology. In Alaska and Mr. Boorkman
25 perhaps can correct me if I'm incorrect in this, in
26 Alaska the in-migrants come under their own steam, if
27 you like. They make the decision and they cross the
28 border in whatever vehicle they've used and they come
29 as a private citizen. When we are talking about
30 transients going into the north, for example, in oil
exploration, they are being flown up there by a company
and flown out again by a company having been hired ahead

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1 of time outside the region so that there -- if you like
2 there's a conscious policy decision mixed in with some
3 personal preferences, undoubtedly, but a conscious
4 policy decision on the part of the company. It says,
5 we will provide this transportation service. The people
6 that are measured in the URSA in-migration study are
7 not people coming in on Alyeska airplanes from the
8 south. Do you see what I mean, and that's one of the
9 reasons why there's this difference in terminology.

10 MR. SCOTT: Well, does Mr.
11 Boorkman accept that? I would have understood, Mr.
12 Commissioner, just to clarify it from Mr. Boorkman's
13 evidence, that if Alyeska flies some welders into
14 Fairbanks who have jobs and who are going out next
15 day to a camp in which they're going to live, they're
16 counted in the in-migrant total of 56,000.

17 WITNESS BOORKMAN: Yes, we
18 would count the people that come directly to work on
19 the pipeline as in-migrants.

20 WITNESS TRUSTY: The question
21 is how many of those there are in comparison to the
22 total --

23 WITNESS BOORKMAN: That's just
24 a very small part of the labour force. You're talking
25 about roughly an estimated maximum 15 percent of the
26 direct labour force. Remember we're not talking about
27 all those many more indirect and secondary workers.

28 Statistically those aren't
29 as relevant, given a dynamic of in-migration on Alaska,
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1 as they will be, as I understand it, in the Northwest
2 Territories where you're not going to have the wave
3 of other people. You're talking much more about
4 people who come in for a specific project, do that
5 project and then leave.

6 MR. BAYLY: All right. Now,
7 I don't want to lose control of this so, I just want
8 to talk about Alaska for the time being, because you
9 gentlemen are the ones that ^{have} the airplane to catch and
10 you've disqualified yourself as being unable to tell
11 us whether what has happened in Alaska is likely or
12 definitely going to happen in the Mackenzie Valley.
13 But, for your definition, you have said everybody who
14 comes in to work on the pipeline is what you call an
15 in-migrant.

16 A That is part of the in-
17 migrant category.

18 Q Yes. I'm not saying
19 they are exclusively those, and I'll get to that in a
20 minute.

21 A Yes, yes.

22 Q But those that --

23 THE COMMISSIONER: Excuse me,
24 you don't have a category of transient.

25 A Right.

26 MR. BAYLY: But you have told
27 us that people come into work on the pipeline and you
28 call those in-migrants. There are other alien migrants
29 but those aren't among those.

30 A Yes.

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Q What I want to know is whether in your opinion, the Alaskan labour force would have been capable of building the pipeline without this in-migration?

A I think not. I think it's generally accepted that there are highly skilled pipeline workers that belong to one local and one local only.

Q And with regard to -- without robbing other employers in Alaska, of their employees, were there enough unemployed people to fill the other categories?

A All the non-highly technical pipeline construction.

Q Yes.

A Well, let's see. Are you talking about just direct construction and employment, or indirect and secondary as well?

Q Well, let's do one at a time, because I'll be going into secondary ancillary activities in a few minutes.

A It gets a little hairy. The peak employment, direct employment, as I remember from our testimony, is 24,400 or something of that sort. If you take the unemployed people in the work force, assuming that they have the skills, it would not be enough. If you drew people in from -- who are not part of the labour force, people that entered the labour force because of the pipeline project who were

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1 not part of that labour force before, natives, house-
2 wives, students, others who weren't formally classified
3 as either employed or unemployed, they're not in the
4 labour force. You might well have enough people to
5 provide those 24,400 direct construction jobs.

6 Given the skills needed, it is doubtful that the state
7 of Alaska had the sufficient labour pool to fill all
8 those direct jobs.

9 WITNESS D. WEINSTEIN: I can give
10 you a statistic. Mr. Boorkman just said that the state
11 work force is 24,400, and in our testimony we say that
12 as of January '76 there were 22,900 unemployed. Well,
13 I can give you figures going back for four years but
14 let's say -- I will give you a figure from January '73,
15 before pipeline construction began. There were 14,000
16 unemployed people in Alaska. State employment is 24,400.

17 Q Now, the question is,--

18 WITNESS BOORKMAN: Just let's
19 clarify once again, that's unemployed people. When you
20 add unemployed people and employed people, that's the
21 labour force, that's not necessarily the pool of labour
22 you can draw from.

23 These students that are
24 going to school can decide to give up school and come
25 work.

26 Q Yes.

27 A But they aren't the labour
28 source.

29 Q All right and --

30 A It's probable though, even

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1 with those additions to the labour force, that you would
2 not have made up enough to fill all those direct con-
3 struction jobs.
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Weinstein, Weinstein
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Cross-Exam Bayly

1 Q I understand that. You
2 have told me though, that without taking from other
3 activities, whether it ^{be} housewifery or from the schools
4 or perhaps from other jobs, there was the requirement
5 for the bringing in of a number of workers skilled and
6 unskilled for the building of the Alyeska line.

7 A Yes.

8 Q So whether it is the
9 in-migrants that caused the social impacts or not,
10 they were a requirement?

11 A Some in-migrants were a
12 requirement. Yes.

13 Q Yes. Whether you got
14 too many or not is another question, but some were
15 required or you couldn't have built the pipeline.

16 A Yes.

17 Q Now, you had said -- and
18 the reason I asked this question was that when Mr. Sigler
19 was putting a question to you with regard to the
20 maintenance of services in the various communities and
21 the expansion of them, one of your answers was that
22 you could stop in-migration. I would suggest to you
23 that to stop in-migration on this project might well
24 have meant that the State of Alaska with its labor force
25 and its labor pool would have been incapable of building
26 this pipeline.

27 A Well, I think you know
28 the answer to the question.

29 Q Yes.

30 A The problem of

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1 in-migration is not that you are bringing people into
2 the State, but that you are bringing far ^{more} people than
3 there are new jobs. You're adding to unemployment.
4 You're adding to the demand on services by this massive
5 influx of people and you can't handle them all.

6 When I said you stop in-
7 migration, I meant that mismatch. I didn't mean that
8 you don't let anybody come into the State.

9 Q Right. So, we have
10 perhaps too many people coming in. Now some of them
11 obviously come to work on the pipeline. Others, I gather
12 come in not with the skills to work on the pipeline,
13 but because they hope to get some job which is ancillary
14 or secondary to the pipeline whether it's in a
15 trucking company or a supply company or a grocery
16 store.

17 A Yes. It's hard to talk
18 about peoples motivations. Looking at past boom
19 periods, it's likely that a lot of people came hoping
20 to get a job on the pipeline when a realistic appraisal
21 of their skills would have said that that was impossible
22 and the best that they could hope for was work in a
23 diner as a dishwasher or something like that. So they
24 may not have come to take a secondary job, but they may
25 well have wound up with one.

26 Q Yes. There were obviously
27 more secondary jobs because the people that were coming
28 in to work on the pipeline, I suggest to you, had to be
29 serviced by dishwashers in diners, more garbage men,
30 housebuilders, etc.

Boorkman, Trusty
Cross-Exam by Bayly

A Well, it has to do with the multiplier effect in Alaska, given the development of that State's economy and what happens when you dump -- when you produce a certain number of jobs in a particular sector of the economy.

In another place that had a different level of economic development you would have a different multiplier and you'd produce a different ripple effect in terms of secondary and indirect employment.

Q You refer to that at your page 27 of evidence where you say:

"Overall, the rapid population in-migration has meant that thousands of newly arrived people had to be provided with necessary goods and services." I assume that is what you mean by the "ripple effect".

A No, I was referring to the relationship between direct employment and secondary and indirect employment which is not the same in all jurisdictions. It's not the same in Alaska as it is in the lower 48. California, I am sure, has a much higher multiplier effect -- a much higher multiplier figure on direct employment than Alaska. It's a much more highly developed economy.

Q All right. Well, let's just talk --

A The Northwest Territories, from Mr. Trusty's testimony has a much lower one.

Q Let's just talk about Alaska. California may be fascinating but we're not

Weinstein, Weinstein
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Cross-Exam by Bayly

1 interested in it for the purpose of comparison.

2 A I'm just thinking of
3 my plane.

4 Q Right. There were still
5 more services provided and you needed more workers to
6 provide some of these services I take it; some of them
7 skilled workers, some of them unskilled.

8 A I am not sure I am
9 following you. If you are saying that there's a
10 population increase, therefore, you have got to provide
11 more services; therefore you need more service providers,
12 the answer is yes.

13 Q Yes.

14 A It's sort of a strange
15 way of looking at it.

16 Q Yes. So, there is a
17 multiplier effect, no matter what the number that is
18 assigned as a multiple is.

19 A I think you're comparing
20 apples and oranges. The multiplier effect has to do
21 with the production of direct employment on the
22 pipeline^{related} project and the relationship of that generation
23 of employment with the generation of employment in
24 other sectors of the economy. That's a different issue
25 than in-migration. That's a different issue than
26 service provision.

27 Q All right. Well let's
28 go back again then and start this at this point. You
29 had people who came in to work on the pipeline. You
30 had other people who came in for whatever reason and

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Cross-Exam by Bayly

1 ended up doing other things.

2 A Yes.

3 Q Right. Now to your
4 knowledge, did the Alyeska company or the State say
5 in their advertisements and promotion of the pipeline
6 that there would be lots of spin-off or secondary
7 activity generated by this pipeline construction?
8

9 A Just the opposite. They
10 tried to discourage people from coming by saying there
11 weren't jobs.

12 Q Now, let's go back to
13 in Alaska itself. Was one of the selling points that
14 Alaskan business would benefit from the pipeline?

15 A Of course. Of course.
16 Sure.

17 Q Right. O.K. and the
18 way they benefit presumably is to build their businesses
19 and employ more people and sell more goods and services.

20 A The Chamber of Commerce
21 mentality. Yes.

22 Q Yes.

23 A -- that the Judge referred
24 to.

25 Q Right. That was something
26 that the State was interested in promoting because the
27 State wanted business to grow within its own boundaries.

28 A The State is not a
29 monolith but the people of power in the State won that
30 argument, yes.

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Bayly

1 Q Yes. The Alyeska line,
2 I suggest to you did not propose to provide everything
3 for itself. It did not propose to provide all the
4 services that it required within its own company?

5 A It depends on who you are
6 talking about. In terms of the construction camps,
7 they tried to make those as self-sufficient as possible.
8 If you're saying that they proposed to provide services
9 for indirect and secondary workers, no they did not.

10 Q All right and they did
11 not, for example, provide their own airports to bring
12 workers into Anchorage and Fairbanks. They used the
13 existing facilities.

14 A At Fairbanks?

15 Q Yes.

16 A Yes.

17 Q They did not build their
18 own sewers for their own employees in Valdez. They
19 used the existing facilities.

20 A Sure. They paid landing
21 fees when landed at the airport. Yes, of course,
22 they absorb services. No question about it.

23 Q Your statement was --
24 just a minute Mr. Trusty and I will give you a chance --

25 THE COMMISSIONER: Mr.
26 Weinstein is ahead of Trusty in the line-up.

27 MR. BAYLY:

28 Q Sorry. Your statement
29 in your evidence is for example that some of the
30 airplane services that were provided to the smaller

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Bayly

1 communities did not provide as good service for the
2 pipeline work going on presumably because the pipeline
3 company and other organizations supporting it were
4 using some of these facilities.

5
6 A Right.

7 Q Now, Mr. Weinstein?

8 A It's all right. He's
9 pacified.

10 WITNESS D.WEINSTEIN: He's
11 said everything I could say.

12 WITNESS TRUSTY: I simply
13 want to note that the way you put the question suggested
14 there wasn't also a camp at Valdez and in fact there
15 is a camp at Valdez as well. It's totally self-contained
16 and it is on the opposite side of the bay from the
17 community.

18 Q Well, I realize that and
19 I didn't want to leave the impression that pipeline
20 workers weren't housed in camps. But it is true I
21 understand that -- and in your own evidence that the
22 population of Valdez grew considerably by a factor I
23 believe of many times.

24 WITNESS BOORKMAN: 265% or
25 something like that.

26 Q Yes.

27 WITNESS J. WEINSTEIN: You're
28 making statements like this. I think --

29 Q No, I am asking the questions
30 You're making the statements.

31 A No, you made the statement

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Bayly

1 in your question and I think that, one, on your statement
2 about Valdez. First of all, a lot of the facilities
3 for floor engineers and workers building the terminal
4 are in facilities supplied by the company and not by
5 the town -- sewage systems, road systems, housing, etc.
6 That's one thing.

7
8 Second of all, the use of
9 airports many times where you had supplies being
10 delivered directly to the camps were on airstrips, etc.
11 provided, built and maintained by Alyeska itself, not
12 by the local communities. Where we talk about the
13 overlap of demand for services for instance if there
14 is a use of a commercial carrier and he is faced with
15 an opportunity to either deliver to sometimes a small
16 community or deliver ^{to} that Alyeska camp, the opportunity
17 costs would sometimes be that he would go to the
18 Alyeska camp and delay the delivery to the small town.

19 But it would not be necessarily
20 the use of that individual town's air facility or town
21 itself. It would be a separate entity and a separate
22 kind of decision.

23 Q I understand that from
24 the evidence that you have put forward that the tax
25 was on the services that had been provided to the
26 communities. There weren't ^{enough} airplanes to go around for
27 everybody, so everybody had to share the airplanes that
28 there were, for example.

29 A That's a private sector
30 decision.

Q Yes, in the private sector.

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Bayly

1 A Yes.

2 Q Now, how about whether
3 Alyeska could have functioned without these ancillary
4 industries supporting them?

5 WITNESS BOORKMAN: What do you
6 mean by that?

7 Q They have, without the
8 use of private carriers in the air, on the ground,
9 without the use of communities to house certain of their
10 executive and supervisory personnel, could they have
11 functioned?

12 A It's a highly speculative
13 question. I assume^{if} you could have run the project as a
14 para-military operation, they could have provided
15 everything they needed for their workers.

16 Q Right and in this case
17 though, they did not?

18 A As we have said, the
19 direct construction workers -- the people that work
20 for Alyeska or the subcontractors were generally pro-
21 vided with all the goods and services they needed to
22 do their work. Their housing, their other social
23 services by the company, to the extent that the Alyeska
24 project and the socio-economic dynamic of the State of
25 Alaska combined to cause a wave of in-migration which
26 then demanded and absorbed services.

27 I mean, the question is one
28 of casualty and when you say Alyeska, I think we've
29 got to be a little more precise about who we are talking
30 about. Are you talking about direct workers. Are you

Weinstein, Weinstein
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Cross-Exam by Bayly

1 talking about the company and ^{its} subcontractors? Are talking
2 about the general project's impact in the broadest
3 sense which is what we have been speaking to.

4 Q This specifically, there
5 was ---

A Excuse me one moment.

Q Go ahead. Are you ready?

5 A No, I am waiting for you.

9 Q Was there an answer coming
10 out of that conference?

11 A No, no. I just got
12 all my ammunition stored up.

Q Oh, O.K. Good. I suggest to you that your last answer with regard to a paramilitary operation was the only thing that was anything like that, were the construction camps themselves where in those camps, those facilities of housing, sewage, water supply, air support, were supplied by the contractors and the company. Is that correct?

20 A Yes. This is what I
21 took you to mean by Alyeska in the narrow sense.

Q Yes. With regard to secondary facilities, the State Government and others supported the growth of business generated by the pipeline construction within the State itself. They wanted this to happen. They wanted people to profit in the State from the construction of the pipeline.

23 A I'm sorry. Excuse me.

26 Who wanted what?

Q The Alaskan Government

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Bayly

1 wanted people within the State to profit from the
2 construction of the pipeline, not only by working directly
3 on it but by providing goods and services to it.
4

5 A There are people of
6 importance in the Alaska State Government who favored
7 the Alyeska project because they favored development in
8 general, and the pipeline project in particular, because
9 they thought it would lead to an expanding State
10 economy, more jobs, more profits, more capitalism.

11 Q That was the majority
12 opinion I take it or at the least the opinion?

13 A It was the opinion that won.

14 Q All right.

15 A It's also an opinion held
16 by many natives.

17 Q All right, and did
18 Alyeska use that as a selling point both to the
19 government, and to the Chamber of Commerce mentality
20 as you like to call it?

21 A I wasn't around when
22 Alyeska did its initial PR work, but they would be crazy
23 not to.

24 Q Could you conceive of
25 any way then, apart from a paramilitary operation, in
26 which Alyeska could have constructed this without
27 the use of the supply of goods and services by other
28 organizations than their own?
29
30

Weinstein, Weinstein

Boorkman, Trusty

Cross-Exam by Bayly

THE COMMISSIONER: I don't quite follow that answer.

A I'm not sure I understand your question.

MR. BAYLY: Q Now what you suggested in your answer was that the powers that won the debate as to whether this growth of capitalism should result from the construction of a pipeline, the people that supported that one, now can you envisage a way in which this pipeline could have been constructed without that?

A Without them winning?

Q No, no, without -- just a minute, without the provision of goods and services by anyone outside Alyeska.

A In other words, could they have brought all the men, materials, supplies, goods and services that they needed to build the pipeline without touching the outside community? They probably could have come close. They didn't choose to take that route and the State of Alaska would have been enormously angry if they had, I suspect.

Q And are you suggesting in your earlier answer that they should have tried to do that to lessen the impacts, or is the most practical and sensible way to do it, the way that they did it?

THE COMMISSIONER: You might not try making moral judgments on this thing anyway, are you?

A I wasn't planning to.

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Boorkman, Trusty
Cross-Exam by Bayly

1 MR. BAYLY: Mr. Commissioner,
2 I'm not interested in morals. I'm only interested in
3 whether or not this was the most sensible way to con-
4 struct the Alyeska line to minimize the impacts on the
5 people and the facilities in the state. If it was,
6 that's the answer I'm looking for. If it wasn't, then
7 there may be another answer.

8 THE COMMISSIONER: Well, to
9 do it in the antiseptic way that they chose not to,
10 would have minimized the impact. I mean it seems to
11 me that's plain enough.

12 WITNESS D. WEINSTEIN: I'd
13 like to make a comment, although I'm ^{not} privy to Alyeska's
14 confidential information I am sure it's a mistake to
15 say that if Alyeska had done the antiseptic job of
16 providing goods and services, flying men, materials,
17 goods and services in from the 48 and not affecting
18 a soul, or affecting a soul in the State of Alaska
19 they could have done it. But the price of the project
20 would have escalated. I won't even attempt to assign a
21 multiplier. I'm sure the multiplier would be enormous.

22 WITNESS BOORKMAN: And it was
23 contrary to the ^{stated public} policy of the State of Alaska.

24 WITNESS J. WEINSTEIN; You're
25 also talking, making a mistake between where you
26 employ people we've talked about the possibility of
27 employing people at points outside of Alaska or in this
28 case outside of the Northwest Territories, and where
29 you purchase goods and services which might be from the
30 local merchants or whatever, or native corporations.

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Cross-Exam by Bayly

1
2 You have that choice separate from employment. We've
3 spoken to employment issues and not to the choices that
4 faced Alyeska in terms of goods and services.

5 Q All right, then did
6 you in your study or in your research examine goods
7 and services and where they got them and what the
8 various impacts that were generated by that work?

9 WITNESS BOORKMAN:

10 A We looked generally at
11 their -- Alyeska's plans, because remember our report
12 was written in 1973, before Alyeska began. We looked
13 generally at their plans in terms of providing goods
14 and services that would be needed by their workers.
15 For instance, their plan not to use local doctors, their
16 plans -- their medical service requirements and ways of
17 providing those services, and ^{we found out} briefly what their current
18 plans, because they hadn't finalized them yet, were in
19 terms of catering, food and that type of thing. We
20 told what we knew at that time and that was before a
lot of that was finalized.

21 Q Did most of the secondary
22 activity that was generated, did it get generated in
23 Alaska? Did they supply themselves locally, or did
24 suppliers from the lower 48 move in to fill the need?

25 A The manufacturing sector
26 of Alaska is so marginal that most of the stuff had to
27 come in from outside. Certainly the pipe did because
28 -- oh, I'm sorry, the distributors were local but
29 if you're talking about the goods, if you're talking
30 about the bulk of the materials used in constructing

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Cross-Exam by Bayly

1 the pipeline, they mainly came from outside.

2 WITNESS D. WEINSTEIN: The
3 Alaska service sector grew considerably. The Alaska
4 manufacturing centre did not, no. Basically what
5 Mr. Boorkman says, manufacturing occurs mainly in
6 the lower 48, but the Alaska service sector and distri-
7 butorship grew enormously.

8 Q And did the Alaska service
9 sector that grew, was it the same group that was there
10 before the pipeline construction began, or was this
11 sector taken over by people from the lower 48, as we've
12 heard some evidence of earlier in the Inquiry?

13 WITNESS BOORKMAN:
14 A Well, one of the things
15 that many people observed about Alaska is that Seattle
16 benefitted from a lot of Alaska development, because it
17 has traditionally serviced the points at which goods
18 and services entered the state. That pattern has
19 started to change, as Mr. Weinstein said, the manufactur-
20 ing sector of the economy, the development of goods
21 has not changed appreciably in Alaska. There is still
22 isn't a lot of lettuce production in Alaska and I
23 doubt that there ever will be. However, there are many
24 more professionals, there are many more lawyers, there
25 are many more consultants in Alaska than there used
26 to be, and a lot of that is local and indigenous, and
27 provided by the size of the Alyeska project and the
28 development that it generated. That's been especially
29 true of the interface between land claims and the
30 integration of natives into the economic system and
31 pipeline development.

Weinstein, Weinstein
Bookman, Trusty
Cross-Exam by Bayly

1 Q Well, is it true with
2 regard to some of the services that were provided, that
3 service businesses were taken over by entrepreneurs
4 from the lower 48 who saw in their in-migration that
5 as their chance to participate in the Alaska --

6 A In some cases that's true,
7 just as when land claims were settled many natives
8 bought existing businesses that were marginal or
9 foundering, or that they were interested in for
10 social or cultural or economic reasons, yes.

11 WITNESS D. WEINSTEIN: I
12 don't have objective facts to back this up. My general
13 impression is that with the exception of the natives,
14 I think, well the people that were in Alaska when the
15 Alyeska buildup began were the people who benefitted,
16 therefore that includes the natives. Then people who
17 sensed that, "hey, when they build a pipeline, I'm going to
18 fly to Anchorage and buy a business," it was too late.
19 The resident Alaskans, including the natives, were the
20 ones who benefitted in the expansion of the service
21 and distributor sectors. Residents as of '73 or some-
22 thing like that.

23 Q Now, I gather, going
24 back to the earlier point that we began with, because
25 too many people came in, too many in-migrants arrived,
26 looking for jobs, but although they may not have
27 either found work on the pipeline or in the secondary
28 service or the small part of a manufacturing industry
29 that may have existed in Alaska, they still took up
30 goods and services that either were there for the former

Weinstein, ~~Weinstein~~
~~Boorkman~~, Trusty
Cross-Exam by Bayly

1 Alaskans or for the people who ^{were} working on the pipeline
2 or other activities.

WITNESS BOORKMAN:

A Yes.

3
4 Q And so they put a strain
5 on these facilities, whether or not they could be
6 accounted for in the work force.

7 A Yes.

8 Q And these included govern-
9 ment services such as Unemployment Insurance, and
10 welfare, as well as housing, health services, etc.

11 A Not Unemployment Insurance.

12 Q Unless they had got laid
13 off on the pipeline.

14 A They wouldn't draw it
15 in Alaska, in any event.

16 Q I beg your pardon?

17 A They wouldn't draw it in
18 Alaska, in any event. Assuming they came to the state
19 officially unemployed, meaning that they were eligible
20 for Unemployment Insurance, they would draw it from the
21 state in which they had become eligible, not in Alaska.

22 Q Until they got a job in
23 Alaska for no matter how short a duration.

24 A And it's not how short a
25 duration. I believe there's a waiting period.

26 WITNESS D. WEINSTEIN : I
27 believe six months.

28 WITNESS BOORKMAN: Yes.
29 I've forgot the rest of your list since I was taking
30 exception to that item.

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Bayly

Q But they did take up health services. They did take up general welfare assistance or whatever you call it?

A No, that's not a correct assumption. Welfare restrictions in Alaska are fairly stringent. Poverty is not sufficient, you have to have a family break-up, and so it's a little more complex than that. You just don't go to Alaska and get poor all of a sudden and get welfare. We're a welfare state in part, but the eligibility requirements are still fairly stringent.

THE COMMISSIONER: You have to be a deserted wife, that sort of thing.

A Or a divorced wife with kids to support.

MR. BAYLY: Q In short, although your state policies may have induced more in-migration than necessary, it probably would have been impossible to service and build the pipeline without some significant in-migration, including that caused by the need for more secondary services.

A Again I have trouble with some of your words. I stated before -- it isn't much of an admission -- that you could not have filled the direct pipeline jobs without some people, some talent coming in from the lower 48. That in our definition is part of, although a small part of, in-migration. So yes, some in-migration was needed for the project to succeed; some in-migration would be needed for any major development effort in an undeveloped area like Alaska. We're

Weinstein, Weinstein
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Cross-Exam by Bayly

1 talking about the scope of the in-migration and its
2 ramifications across the border in Alaska.

3 Q And I suppose your
4 technical people who were monitoring and doing the
5 surveillance on the pipeline, or in the government
6 offices who did that, came from other parts of the
7 United States than Alaska as well, to a certain extent.

8 A Some, you mean originally
9 or immediately?

10 Q For this particular
11 project.

12 A No, the Department of
13 Labor of the State of Alaska did a lot of monitoring
14 of this dynamic. Infact my in-migration survey was
15 conducted with staff of that department.

16 Q All right. Did no sector
17 of the government grow then because of this project?

18 A Did no sector -- of course
19 sectors of the government grew, yes. As we said in
20 our testimony, they had additional need for sanitarians
21 for inspection purposes, they increased monitoring
22 units in State Government, they increased the school
23 system, they increased health and social services. There
24 were many increases. In our yellow volume where we
25 discuss anticipated impacts of both Alyeska and the
26 Arctic Gas Pipeline, we identify as at the time that
27 report was written some of the State Departm ent's
28 plans for increasing their work force to meet anticipated
demand. When I indicated earlier there was a lack of
state planning, it wasn't total, and there was some

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Bayly

1 increase of staffing in anticipation of Alyeska
2 impact.

3 Q Now, I take it that the
4 government services that grew, grew from the employment
5 pool, the labor pool in the state, but also grew because
6 people came in from other parts of the United States
7 and elsewhere to fill some of these jobs. Is that
8 correct?

9 A There were people who took
10 additional jobs generated in the States who came from
11 outside, who were in-migrants, if you will, and there
12 were people who took them from inside the state.

13 Q So even in that area you
14 required in-migrants to fill some jobs that there
15 might not have been people qualified to fill in the
16 State of Alaska.

17 A Well, now we're getting
18 very speculative, and it depends on what jobs you're
19 talking about and generally the increase in local
20 service delivery jobs could have been filled in the
21 state, because we're not talking about comparable
22 numbers to direct employment on Alyeska.

23 There may have been a need
24 for a neuro-surgeon and there wasn't one in the State
25 of Alaska, and sure enough he popped up from Miami to
26 fill the bill; so in that sense yes, to get a neuro-
27 surgeon you needed in-migration. Either that or a medical school

28 Q So if you needed more
29 teachers you --

30 A No, that wasn't the

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Bayly

problem. As our report documents there was a surplus of teachers prior to the institution of the Alyeska project, and that was a surplus labor area that no one anticipated any problems filling. Indeed, there was no problem.

Let me just say it's sort of a reverse logic that we're slipping into. You're suggesting that you had to have in-migrants to provide service. But it goes the other way. Because of in-migration you had to generate more services, and maybe some of those extra service provision jobs were filled in some cases by in-migrants. But without the in-migration you wouldn't have needed to expand, except to meet this general normal expansion of any state service delivery system.

Q I can understand that. What I'm concerned with is you seem to have laid the blame largely for the impacts at the door of in-migration, which I am suggesting to you is a requirement to build this pipeline.

A All right.

Q I mean if we're talking about back doors --

A Well, let me go over it one more time. You need some outsiders to build the pipeline, admittedly, and we refer to in-migration as a dynamic which had negative consequences, we are talking about the entry into the State of Alaska in the two-year period of perhaps 70 to 80,000 people.

WITNESS D. WEINSTEIN: Far more in --

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Bayly

1 WITNESS BOORKMAN: 20% of
2 the -- 20% growth in the state population in two years.
3 A wave of people entering a state, the state cannot
4 deal with it. Yes, you need some of those people, you
5 need a couple of thousand of welders. I don't know
6 what the figure is, but it sure isn't many, and saying,
7 "Therefore, how can you bad-mouth in-migration?" It
8 seems to me to be sophism.

9 Q Well, you can call it
10 what you will, but it appears that you needed some
11 in-migration, that you couldn't control it in the way
12 that the Alyeska project was planned, or didn't
13 control it.

14 A No, I think the Alyeska
15 project, if you're talking about building a pipeline,
16 was no different in type than any other major
17 development project in the state. If for instance
18 the voters who have now voted to move the state
19 capital from Juneau somewhere, eventually --

20 THE COMMISSIONER: But not
21 Anchorage or Fairbanks.

22 A I'm sorry? Oh God no,
23 heaven forbid. If they decide on a site, and if wonder
24 of wonders, the voters of the state actually approved the necessary
25 money to make the move, which is many hundreds of
26 millions of dollars, and that move takes place, I
27 anticipate that -- I think we anticipate that there
28 will be, because of that major development project,
29 another wave of in-migration, because it will be fairly
30 highly visible. It will be something on which there

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Cross-Exam by Bayly

1 will be a lot of jobs. It won't be the same amount
2 of in-migration because it neither has as much lure
3 as the pipeline, nor as much romance, nor is it as
4 large a project, but the dynamic is basically the same.

5 Q Well, let's --

6 A The same things happened
7 before. It wasn't just Alyeska that caused it. It
8 was a recurrent pattern. I think that's the thrust
9 of our testimony.

10 Q -- let's assume that you,
11 Mr. Boorkman, were asked prior to the construction of
12 the Alyeska project what you would do to control in-
13 migration, having seen what has already happened.
14 What would you do?

15 A I would not have located
16 the hiring halls in Fairbanks. I would have set up
17 mechanisms -- and this is difficult in Alaska --
18 frankly, it raises serious constitutional problems
19 by giving preference to anybody for jobs. There have
20 been arguments raised that the Local Hire Act in
21 Alaska is unconstitutional -- a section of it as a
22 matter of fact, was declared unconstitutional. But
23 laying that aside for the moment, if local hire is
24 an objective of the jurisdiction in which the development
25 is occurring, as it was in Alaska and as I understand
26 from the Commissioner that it is in Canada, then I
27 would have set up mechanisms to identify at an early
28 stage what we're talking about in terms of resident
29 Alaskans or residents of the Northwest Territories that
30 are going to get this preference. I would have set up

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Bayly

1 before the project began strict enforcement mechanisms
2 to make sure that those people and only those
3 people got preference for local hire . I would have
4 set up arrangements for hiring immediate outsiders and
5 hiring them outside the area in which they were going
6 to perform their work, so as not to stimulate job-
7 seekers with very little chance of getting employment
8 from coming to the very area you're trying to keep
9 them out of. I would have intensified the efforts to
10 publicize those procedures across the nation so that
11 people in Tulsa, people on Oskosh knew that if they
12 wanted a job in Alaska that they had to go to
13 Seattle to get it or they had to go to Chicago to get
14 it, or Kansas City or some other place that could absorb that
15 impact and still perform the function of attracting
16 the right kind of labor.

17 What else would I have done?

18 Q I was going to help him
19 out and say what else he might have done. Messrs.
20 Weinstein, have you got any other things that you
21 might have done?

22 WITNESS J. WEINSTEIN: I'm not
23 sure. I think they could have had a more effective
24 revenue-sharing mechanism between the state and the
25 localities, but again the problem -- that's hindsight.
26 A lot of the problems result because of the in-migration
27 and we've pointed out the problems of revenue-sharing.
28 But I think that even then before Alyeska came in
29 there were problems with the kind of revenue-sharing
30 mechanisms that did exist.

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Boorkman, Trusty
Cross-Exam by Bayly

1 WITNESS BOORKMAN: I'm just
2 reminded of something else. It would be good to have
3 those people that do come in from outside of state to
4 work as direct construction workers, the highly skilled
5 people to be rotated out of the state when their
6 tour of duty is over, so they don't go to the major
7 population centres and get drunk and look for hookers
8 and things.

9 Q And by how much would
10 you predict that your policies would have been able
11 to curtail the surplus in-migration?

12 A I think it could have
13 been cut very significantly. 60%, 70%, I don't know.
14 It's very hard to say.

15 Q I take it, though, some
16 --

17 A It could have mitigated
18 it a great deal.

19 Q Now you didn't suggest
20 turning people back at the borders.

21 A You can't do it.

22 Q Yes, I realize that.
23 You may not be able to do some of the things you
24 suggested with regard to the labor local hire laws
25 either, but you would have liked to have done that.
26 I take it, though, short of doing that, you're still
27 going to get some people who come in on spec that
28 there's going to be something generated that they're
29 going to be able to benefit from, whether they are
30 a bookkeeper or a hooker.

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Cross-Exam by Bayly

1 A Different strokes for
2 different folks.

3 Q Or a number of occupations
4 in between.

5 A Yes, indeed.

6 Q
7 Which end of the spectrum
8 do you think attorneys fall into?

9 Mr. Trusty, while we're on
10 this particular subject, and I won't ask you very
11 many questions now because I know these gentlemen have
12 to leave, what I've been suggesting to them is that
13 although Arctic Gas in the Canadian situation may be
14 able to control those activities over which it has
15 direct employer-employee supervision, there may be
16 a lot of ancillary activities that go on over which
17 it has no control, which will cause in-migration or
18 an increase in transients, to use your breakdown of
19 population.

20 WITNESS TRUSTY: We are
21 going to be going into that in some detail but let me
22 just skim the surface for a second. As a general
23 principle, that's correct, that despite whatever you
24 do in terms of direct employment policies and hiring
25 centres and so on, and despite all the advertising
26 in the world, there may be some people who will come
27 north looking for jobs or opportunities that they
28 think might be there. That clearly is a potential.
29 I would note that you have a different kind of logistic

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Cross-Exam by Bayly

1
2 system operating in the north, so that getting beyond
3 the limits of the Mackenzie Highway, ie. past Fort Simpson
4 becomes more difficult and more costly, so that's
5 one factor. If you know you can't be hired by the
6 pipeline for sure, then that may be a mitigating factor.
7 Also the fact of government controls that operate in
8 the Northwest Territories as opposed to Alaska means
9 that you can put in land use regulations, you can
10 prevent the kind of -- to use a term "squatting" that
11 has occurred in some places of Alaska and to which
12 Magistrate Sprecker referred, because you can simply
13 put in the land use controls and prevent it. You can
14 prevent small businesses from mushrooming in a community.
15 The zoning controls are very powerful. The lack of
16 private development, as compared to government, and
17 as compared to the Alaska situation, is a factor.
18 So I think there are mechanisms, there are mechanisms
19 that go beyond the scope of what a private company can
20 do, and I'm not denying that the potential will be
21 there. I think it will be very much reduced.

22 The one other factor I would
23 note is that because of the geography of the situation
24 if you take for example the community of Fairbanks, the
25 military bases used to house the construction crews that
26 operate in that portion of the Alyeska line and it
27 also is a personnel processing centre and so on. So
28 a lot of incomes are being spent right there. The
29 geography is not the same, in the Northwest Territories.
30 We'll be going into detail about how close we are to

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Cross-Exam by Bayly

communities and the extent to which workers will go into communities; but to the extent they don't, you don't have a multiplier effect. Therefore you don't have a demand for services, and housing and all those things. So as I say, we'll be coming back to this in some detail.

Q I take it, though, that you would agree with me that some secondary activities although not directly the responsibility of the pipeline construction company, may still be something they are responsible for generating either the growth of or the commencement of.

A That's correct, true.

Q And over which the company will have very little control except as it may be able to influence the government to put in regulations through something like this Inquiry.

A That's correct. Obviously there is a direct link between how aggressively you procure locally, procure goods and services, and how those businesses develop, just as there is a direct link between local hiring preference and in-migration, you know with residency qualifications and so on. An ^{local} overly aggressive procurement policy can cause expansion beyond that that might be considered desirable.

Q Now, with regard to housing, and back to the Alaskans again, or the Californians from Alaska, Mr. Boorkman, you've emphasized that there may be a gap between the housing that people can afford and the housing that is available in some

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Cross-Exam by Bayly

of the communities that have been impacted by the pipeline or the pipeline-related activities.

WITNESS BOORKMAN: We're mainly talking about Fairbanks.

Q Yes, and would you attribute that to the construction of the pipeline, or would you contribute that to in-migration or to the growth of ancillary or secondary services and service industries?

A Well, it's a combination. If you didn't have more people coming in who needed houses, you wouldn't have the problem. You also wouldn't have the demand that would force the price up. If you didn't have a project you wouldn't be drawing off parts of the construction industry that could produce new housing to meet some of that demand, so it goes in many different ways.

Q And in that sense you may have more than one boom caused by the construction, one which is directly the construction of the pipeline and one which --

A I'm sorry, I'm not following you.

Q In Alaska you had a multi-faceted boom, if you want to call it that. There were those workers that were brought in and interacted with the community very little except perhaps on their time off, the ones who lived in the camps who worked on the pipeline.

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A Right.

Q The only influence they may have had is to draw off employees from other parts of the Alaskan economy to more attractive jobs on the pipeline.

A Yes.

Q All right, and then you have the in-migration boom which went along with this. It wouldn't have happened independently, I suggest. People came in because of the pipeline.

A Oh yes.

Q And they caused some of the pressures on the community over which Alyeska had no control.

A Right. If they hadn't come they wouldn't have generated those pressures.

Q Yes, but they didn't come because there was some other boom going on in Alaska.

A Oh no, no, no, no. Of course.

Q Just one more question for the -- for you three gentlemen. Mr. Boorkman, you said that the process of winking at crime that was going on in the camps had no impact on communities.

A I don't think I did say that.

Q In answer to the Commissioner's question.

A No, what I said was that

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Boorkman, Trusty
Cross-Exam by Bayly

1 the statistics indicate that the increase in crime in
2 the community he was referring to did not even match
3 the increase of population, so that one was hard pressed
4 to say that there was an increase in the crime rate
5 due to the project.
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Weinstein, Weinstein,
~~Boorkman~~, Trusty
Cross-Exam by Bayly

1 Q But that does not account
2 for what may or may not have been going on in the camps
3 that Magistrate Sprecker and others have talked about.

4 A There may have been
5 crime that does not appear on the reports.

6 Q And that may have far-
7 reaching attitudinal effects on the people in the
8 various communities if they were in the camps that
9 we haven' t been able to measure yet.

10 A I'm sorry, I'm not
11 following you. People in other communities that came
12 into the camps that saw them drinking and carrying
13 on may have had their attitudes affected?

14 Q Yes.

15 A I'm not sure of the size
16 of that universe, it's theoretically possible.

17 Q But you can't measure
18 that right now? You can't --

19 A I don't know if there
20 was such a case.

21 Q This isn't something you
22 have statistics on?

23 A No.

24 Q Right. I have some
25 questions for Mr. Trusty, but I'll wait until Mr.
26 Scott is finished with the others.

27 THE COMMISSIONER: Right.

28 MR. STEEVES: Well sir, can
29 I speak for a moment? Mr. Boorkman has spoken to me
30 on behalf of Mssrs. Weinstein and himself. He has

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Cross-Exam by Bayly

established an order of priority and he asked me to inform you that they're prepared to stay as long as necessary in order that whatever help they can give this Inquiry is made available to you. So, we suggest that everybody has got to stop now. It is no longer the case.

MR. SCOTT : I'm glad to hear that sir, I was just getting subpoenas ready while they were within the jurisdiction.

WITNESS BOORKMAN: How were you going to enforce them?

MR. SCOTT: You're here.

A When are they returnable?

VOICE: Tomorrow.

A I'm going to be out of the country by tomorrow, what are you talking about?

THE COMMISSIONER: Mr. Scott,--

MR. SCOTT: I have to interject, Mr. Commissioner, Mr. Boorkman's an old O.E.O. lawyer and he's very conscious of how you escape the impact of a subpoena.

A Oh, you're a vicious man.

MR. SCOTT: I'm sorry sir.

THE COMMISSIONER: Well, all I want to know is what happens now?

MR. SCOTT: Well, Mrs. McQuarrie has some questions and I have, I would think about half to three quarters of an hour and if possible tonight,

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Cross-Exam by MacQuarrie

1 I would like to ask some questions of Mr. Trusty when
2 the Americans are here.

3 THE COMMISSIONER: Well, do
4 you want to carry on or do you want to stop for a bite
5 to eat?

6 MR. SCOTT: It's up to Mr.
7 Steeves.

8 MR. STEEVES: Well, I've just
9 asked the witnesses and they say carry on.

10 MR. SCOTT: All right. I
11 gather Mr. Bell hasn't any questions. He advised me
12 of that earlier. Mrs. MacQuarrie, you're next I think.
13 CROSS-EXAMINATION BY MRS. MacQUARRIE:

14 Q I was wondering if
15 there was just -- like prior to the building of the
16 pipeline in Alaska, was there general public apathy
17 towards the construction, or were the people there
18 concerned about the impact that the development would have?

19 WITNESS BOORKMAN: It's very
20 hard, I think, in any place to really say with any
21 great assurance what the people of an area think, because
22 the people don't speak. The newspapers speak and all
23 the rest, but I think generally it's fair to say that
24 a lot of people were excited by the prospect of the
25 pipeline for the development it could bring, the growth
26 it could bring. There were a number of people that
27 understood that this was going to change the way of life
28 and maybe some of the things about Alaska that they
29 had come there to enjoy. So, I think that there were
30 people that were ambivalent about it.

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Cross-Exam by MacQuarrie

Q M-hm, but there wasn't a similarity -- a commission such as the Berger Inquiry to determine whether or not it was going to be good or bad?

A No, no, no, regretablely not.

Q I see. What was the length of time between the decision that the construction would take place and the beginning of the construction period?

THE COMMISSIONER: Well, that is really '68 to '73, isn't it?

A Well, no. The scenario -- well, I'm trying to find that specific date. The basic scenario -- and I wasn't around for all of it, but I can trace it generally, was that the pipeline which they anticipated building at the end of the '60's or right at the beginning of 1970, was delayed for a number of years for environmental reasons and through judicial restraint of the permit power of the Secretary of the Interior. Finally Congress entered the act and passed legislation, the Pipeline Authorization Act, which mandated that the pipeline be approved, exempted it from further environmental review and set up a period by which the constitutionality of that piece of legislation could be tested, a very limited review period.

From the time that Act passed, which was -- we think '73 or we can track that down, the pipeline started in April of '74 so it was a very short time once they finally cleared the last legal

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Boorkman, Trusty
Cross-Exam by MacQuarrie

1 hurdle.

2
3 WITNESS TRUSTY: Can I add one
4 point to that. It be, my understanding is that because
5 of the initial -- there was almost a start before it
6 went into the Courts and as a result, pipe had been
7 delivered, a lot of the initial procurement that normally
8 constitutes the lead time between certification of
9 a project and start of construction. A lot of that
10 had already occurred.

11 Q Yes.

12 A So once it was cleared
13 through the Courts, once the legislation was passed
14 and the project was going to go ahead, a lot of the
15 normal lead time had been used up three years before,
16 or whatever the time period was. So, I just wanted
17 to make that point clear that --

18 MRS. MacQUARRIE: Then there
19 was time for the companies to get ready, but you mentioned
20 earlier that there wasn't any government planning or
21 planning and building of facilities in the communities
22 to accommodate the influx. Is that so?

23 WITNESS BOORKMAN: I would say
24 that the government inadequately anticipated the scope
25 of in-migration that the project would cause and inade-
26 quately prepared to deal with it. That's the long way
27 of saying, yes.

28 Q Thank you.

29 A I'm just reminded of some-
30 thing I said earlier. It wasn't a function of time so
much, it was a function of perception and will and politica

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Pughman, Trinity
Cross-EXam by MacQuarrie

decision making.

Q And this was the basic reason why the communities weren't prepared as far as facilities were concerned to accommodate the influx then?

A Yes.

Q Thank you. On page three you mentioned the statistics regarding the number of workers. Is there any breakdown for the number of married women who were likely employed as well?

A The number of workers on the pipeline you're referring to?

Q Yes.

A Not that I have. I'm not sure that Alyeska, which would have those figures, has brought them out in that kind of a breakdown. I'm not aware of it if they have. I do know from my own observations, which are not universal, that there are a lot of women working, certainly in the North Slope in the Prudhoe Bay area, but how many -- who they're working -- you have to be careful because some of them may be working for air taxi companies or something else, but there are a number -- there has been some priority given to women on the pipeline for affirmative action purposes, if nothing else.

Q Is there any minimum age for workers on the pipeline or in the support services?

A There is, but I don't know what it is. Minimum age -- I think you have to be 16.

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WITNESS D. WEINSTEIN: It's
the normal -- under the federal child labour laws.

WITNESS BOORKMAN: I don't know
if Alyeska has any other rules about the people they
employ, their age.

Q Well, this is what I
wondered, whether --

A I'm sorry, I don't know
that.

Q Okay.

WITNESS TRUSTY: I might add
one point on the question of female employees and this
relates particularly to the North Slope. Because of
the legislation that exists about non-discrimination
along sexual lines and the -- and I think that trans-
lates almost into quotas. The information I was given
when I was there was that women were so much in demand
to fill the quotas that they could literally choose
the camp they lived in and choose who they -- which
precise operation they worked at and so on, which is
not true of many of the others. So that there are
certainly women employed up there and there is -- from
the perspective of the industry, faced with government
imposed quotas for females, there aren't enough of
them.

WITNESS D. WEINSTEIN: I'd like
to add there are several affirmative action plans.
In addition to the Alaska plan, which is for minority groups
and women, which is signed ^{by} about 300 parties. The
contractors, the unions and various governmental entities,

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which has a goal of, I think, 28 percent by 1977.
28 percent minority.

WITNESS BOORKMAN: And women.

WITNESS D. WEINSTEIN: At the
time it was written minority did not include women,
now it includes women. But in addition to that, Alyeska
itself has signed affirmative action plans, one for
employment within its own ranks and another one for
awarding business contracts to minority -- firms run
by minorities and firms run by women.

WITNESS BOORKMAN: It's a
little complicated in the United States because the
minority
term is not really the operational one for a minority
business. It's socially and economically disadvantaged
and there are a variety of criteria that can go into
that. I assume being a women could meet some of those
criteria, but it's not that clean.

Q On page eight you refer
to the original substandard housing. Are there any
health problems associated with perhaps overcrowding
of these substandard --

WITNESS J. WEINSTEIN: The
definition for substandard in the United States, one
of the criteria is overcrowding, right.

Q That is part of it?

A There are two. Yes, it's
based upon the census and the census had two criteria
and one of them was overcrowding. The other was a
subjective view of say safe --

WITNESS BOORKMAN: Lacking in

2 WITNESS J. WEINSTEIN: Toilets,
3 right.

Q And has this --

A I'm sorry, and sanitary conditions often aren't very good either, that's not just the housing, that has to do with the sewage facilities in the permafrost areas where you have honey buckets, and it's just much less sanitary than in many other parts of the country.

Q That was going to be my next question, but regarding the water supply and the sewage disposal, but taking them both together under a health concern has there been an increase in these diseases related to this kind of situation like tuberculosis, hepatitis or whatever?

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1
2 A I'm not aware of any
3 increases in tuberculosis. It's pretty much been
4 erradicated as I understand it, in Alaska, at least
5 by when we were preparing our report. I frankly haven't
6 seen health statistics that indicate any major epidemics
7 or health problems that have been traced specifically
8 to the pipeline impact. Of course there have been
9 injuries of workers and those were anticipated as a
10 health hazard, but one, it's expected in a large
11 project.

12 I am aware of some other
13 negative consequences of the impact however. There
14 has been, as I understand it, although I can't provide
15 detailed statistics, some increase in family breakups
16 and we're especially interested because of some work
17 we've been doing for the Department of Health, Education
18 and Welfare and the issue of child abuse and neglect,
19 and that apparently has been some -- that problem has
20 been intensified to the degree that some of the strains
21 of the impact have translated into instabilities in
22 families and with the resulting danger to the safety
23 of children.
24
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1 THE COMMISSIONER: Excuse me

4 I noticed in your curriculum vitae that you had been
3 involved in child abuse and so forth. When I was in
4 Alaska, I think I was told by the people --

5 A --involved in the pre-
6 vention and treatment of child abuse and neglect,
7 please.

8 MR. SCOTT: Mr. Boorkman was an
9 abused child.

10 A Abused witness maybe.

11 THE COMMISSIONER: That in
12 Fairbanks I was given some statistics and I don't have
13 them here, that showed at the time I thought a remarkable
14 increase in child abuse in the broad sense and neglected
15 in the percentage of cases -- reported cases of
16 allegedly neglected children and abused children and
17 it appeared to have gone up more rapidly than the
18 growth of population. But if I am --

19 A Well, not from any
20 specific data that I have on Alaska, but just generally
21 given some knowledge about the dynamics of child abuse
22 and neglect, it's a very, very difficult reporting
23 system as the criminal law system is very difficult,
24 and it is hard to determine whether or not you are
25 having more actual abuse and neglect or whether
26 community changes in the nature of the community are
27 increasing reporting.

28 Q Yes. Well, that's the
29 problem.

30 A By having a heterogeneous

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1 -- an increasingly heterogeneous community where you
2 have people from Tulsa living next to long-term Alaskans
3 and having natural tensions because of difference of
4 outlook and all the rest, that may cause reports where
5 there would not have been any if they had all been
6 48ers which is a time when a lot of Alaskans came in,
7 and they view themselves as a particular class of
8 people because they in-migrated at that time.
9

10 So, I don't think anybody
11 really knows, but I wouldn't be surprised if there had
12 been some increase in abuse and neglect because of the
13 strains engendered by some of the negative pipeline
14 impact and by overcrowding and by the absence of a
15 breadwinner who is working on the pipeline from his
16 family which may be an unusual thing. There are a lot
17 of reasons for child abuse and neglect and those are
18 some of them.

19 THE COMMISSIONER: Mr. Trusty?

20 WITNESS TRUSTY: Based on
21 conversations rather than data, conversation specifically
22 with Mim Dixon at the Impact Information Center, as
23 I recall, she cited this as a problem in Fairbanks and
24 to some extent, although because of the native problems,
25 it is difficult to be precise -- but to some extent,
26 it seemed to reflect some of the tent living that was
27 going on in the summertime and I observed personally
28 in Valdez, people who were literally living in the
29 parking lot in campers and sometimes with children. Child
30 neglect situations arose out of those kind of situations.

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1
2 WITNESS BOORKMAN: There is
3 another difficulty. I am just reminded. Let me
4 clarify it for the sake of the record that the statistic
5 that you mentioned which I had not remembered was
6 apparently taken from the Pipeline Impact Information
7 Center Report which was then retracted a couple of
8 issues later because the State people said that it was
9 an inaccurate statistic. That doesn't really go to
10 the issue. There may well be increases of abuse and
11 neglect. But the difficulty, especially with neglect
12 is it is such a subjective term. Distinguishing
13 neglect from poverty is almost impossible and it's a
14 very --

15 Q It's in the eye of the
16 beholder.

17 A I'm sorry?

18 Q It's in the eye of the
19 beholder. You may get a new welfare officer in a given
20 locality and suddenly the instances of child neglect
21 go up because of his own subjective attitudes towards
22 the proper upbringing of children. I agree.

23 A Yes.

24 THE COMMISSIONER:

25 Q Well, I'm sorry Mrs.
26 MacQuarrie. I advanced the position not at all by
27 intervening and that's what usually happens.

28 MRS. MacQUARRIE: Thank you.
29 But there were State funded mental health
30 services, medical services and facilities before the
beginning of development, were there not?

A There were State what?

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Q State funded or --

A Oh, yes. Yes.

Q --basic medical services
and mental health services.

A Yes. Yes. Children's
services and all the rest, yes.

Q I see, and were these
because of the extra stress and what all upgraded to
a significant level now to accomodate the fall-out?

A I could answer you better
if I had the yellow volume back there. I do remember
that they were planning to add some -- I remember they
specifically were going to add more sanitarium jobs.
I believe that the nursing section was going to add
some slots. Wait a second and I will try and give
you a better answer.

The State did anticipate that
additional convalescent facilities would be needed
and planned for that through the Hillberton(?) Act which
is a comprehensive health planning act in the United
States. The facilities of hospitals who anticipated
to be expanded modestly to deal with additional health
care demands generated by the pipeline. To my knowledge,
that those have not -- that has not been an acute
area of concern. They were adding public health
care workers in anticipation of the pipeline impact.
Some of this is very hard to sort out, what caused
what.

In some cases, you had unmet
demand.

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1 in the State that they were finally coming to the
2 point of meeting by adding new staff positions because
3 Alyeska was expected to come. The question was, how
4 do you sort out the causality there. They needed it
5 anyway but the additional impact they expected was the
6 final straw that broke the camel's back and so they
7 added some of ~~these~~ positions.

8 That was true in a number of
9 areas; things like the itinerant nurses program which
10 is part of the public health service program.

11 Q But you say that these
12 didn't receive any priority even now? Is that what
13 you said earlier?

14 A I don't believe I did.
15 I think that generally a comment could be made that
16 increases in the service delivery system have, in many
17 areas, not been sufficient to meet the demands of the
18 increased population and health care is one of those
19 areas.

20 WITNESS TRUSTY: I think there
21 again, going back to conversations with the head of the
22 Impact Information Center, there have been specific
23 things that have arisen. For example, local doctors
24 at Fairbanks wanting to do the medicals on pipeline
25 hires instead of having Alyeska bring in its own
26 doctors and establish its own medical facility. That's
27 had an impact on the availability of doctors in Fairbanks
28 to service their normal caseload.

29 There was some debate in
30 Fairbanks about the military hospital, which at one time

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1 had serviced the community and then they stopped
2 doing that. They serviced the community in very specific
3 ways and I can't say more than that. But there were
4 specific local factors that involved the medical
5 profession itself. I guess one could almost put it in
6 its crudest terms and say how they viewed their share
7 of the action and responded to it, that had a bearing.
8

9 WITNESS BOORKMAN: Yes, for
10 instance just before the Alyeska impact occurred, the
11 policy of the military hospitals in the Fairbanks area
12 to provide gynecological services for wife dependents
13 of men stationed there was curtailed and forcing those
14 people to go to the private sector to receive care, and
15 that type of a process which was totally unrelated
16 to the pipeline could only be intensified by pipeline
17 impact.

18 WITNESS TRUSTY: Again as I
19 recall, there was a problem as Mr. Boorkman noted
20 earlier, a lot of the expansion has occurred in the
21 Borough outside the City of Fairbanks and there was some
22 problem over ambulances serving anything outside the
23 city limits. So you had the area of growth being the
24 area that was not serviced by ambulances.

25 Again, it was some sort of
26 jurisdictional problem.

27 Q Then who services the
28 people who are left over who don't belong to the
29 industrial base?

30 WITNESS BOORKMAN: No, it's
a jurisdictional problem. Certain services don't go

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1 outside the city limits of Fairbanks into the borough.

2 Q Right.

3 A So people have to come
4 into the city to receive those health services.

5 Q But when you were speaking
6 earlier of the local doctors getting a piece of the
7 action and neglecting their home grown patients, what
8 alternatives do these patients have for service? None.

9 WITNESS TRUSTY: My understanding
10 is that it was very difficult for the normal patients,
11 but I guess the point to make is that I think Alyeska
12 would have been quite happy to put in its own doctors
13 and do the medicals itself. It was the local medical
14 profession who did not want that to happen. So that
15 it was a community decision if you like, voiced by the
16 community doctors as opposed to a policy of the pipeline
17 company to use local doctors to do their medicals.

18 WITNESS BOORKMAN: Medical
19 cartel. Just like lawyers.

20 Q Is this taking too long?

21 THE COMMISSIONER: No, you're
22 doing very well. Don't let any of this allegedly amusing
23 banter stop you .

24 MRS. MacQUARRIE: On page ten
25 I believe you refer to the policing and Mr. Sigler
26 has stolen all my questions, but I wondered about whether
27 or not there are -- or before development, there were
28 native court worker programs -- legal aides -- that
29 were financed by the State, all these kinds of things.
30

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1 A It's a very embarrassing
2 question because I should know the answer, and I don't.
3 Were there legal service programs that provided legal
4 aid to local natives?

5 Q Well, to local residents,
6 whether they were native or not.

7 A I am sorry. Yes, there
8 is.

9 Q There were?

10 A Yes.

11 Q And there are?

12 A There are.

13 Q What is the -- is there
14 a liaison between the police who are looking after
15 the camp security and the municipal police force?

16 A I think informal only.
17 Do you mean in terms of reporting crimes that occur
18 in camps?

19 Q Yes.

20 A Well there would be an
21 obligation under the law to report a crime if they
22 were cognizant of one. Whether or not that happens
23 all the time is the issue that we've gotten into
24 earlier. But theoretically, yes, there has to be.

25 Q On page 12, with the
26 companies being fairly self-sufficient and not really
27 needing the local merchants, has there been much bank-
28 ruptcy as a result of the -- you know, bankruptcy of
29 the local merchants?

30 A We're not aware of any

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1 increase in bankruptcy that has occurred during the
2 boom period. There was a lot of business failure that
3 occurred during the false boom that we referred to,
4 in that period in particular between 1970 and '72, in
5 which the economy heated up in anticipation of building
6 the pipeline at an early stage and then the pipeline
7 was delayed for legal reasons and a lot of people
8 that had geared up, expanded their facilities, their
9 businesses, added new people or capacity were left with
10 inadequate demand for that increased capacity and may
11 have either suffered financial reverses or may have
12 even gone bankrupt. I don't have statistics on the
13 number, but it was a serious economic decline period
14 after the false boom.
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1
2 WITNESS J. WEINSTEIN: I'm
3 not too sure. Services were demanded and utilized
4 from the localities, so that local businesses could
5 benefit. There is that kind of -- it wasn't totally
6 separated, the company did not totally separate it.
7 There's also a secondary --

8 Q But the local merchants
9 may have over-estimated the amount of goods he --

10 WITNESS BOORKMAN: over-
11 estimated or miscalculated the time at which his
12 increase demand would begin.

13 WITNESS J. WEINSTEIN: In fact,
14 one of the phenomena on it, and I understand it's
15 occurred to some degree and I can't comment on the
16 degree, has been because of the project and because
17 of the supposed fortune to be made, unsophisticated
18 people have attempted to ^{go} into businesses on occasion,
19 and that's led to this kind of problem you're talking
20 about, and in the case of some of the in-migrants,
21 somebody who failed as a barber in Kansas City decided
22 he could really make it big running a store in Fairbanks
23 because of the project, and that person sometimes fails
24 then, because they just basically don't have the business
25 skills.

26 WITNESS BOORKMAN: That's the
27 boomer mentality, the in-migrant mentality which is
28 the reason is not the motivating force behind the in-
29 migration, just as it may not be the motivating force
30 behind starting a business to get rich quick and then

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1
2 failing. So you can see not only is there the impact
3 of boomerism as a phenomenon, ^{not only} in the number of people
4 that came into the state, but in some of the hair-
5 brained ventures that some of the people might have tried
6 to start up.

7 Q When you were talking
8 about the school, the education enrollment, are there
9 any statistics available on the number of dropouts and
10 the age group that they may have been in?

11 A There probably are. I
12 don't happen to have them.

13 Q I was thinking in terms
14 of the numbers of teenagers who would have left the
15 school in order to obtain jobs on the pipeline.

WITNESS J. WEINSTEIN:

16 A One point about teenagers,
17 in Fairbanks in particular, Secondary Schools are on
18 double session so what happened ^{enough} was that the students,
19 teenagers who were of an age where they could get jobs,
20 were able to go to school for half a day and work half
21 a day, and that given the kind of demand for service
22 jobs and dishwashing jobs, bank teller jobs, I mean
23 -- banks probably not; but a number of service jobs,
24 a number of students were able to pick up jobs without
25 having to drop out of school. That's secondary and not
26 indirect employment.

27 WITNESS BOORKMAN: Yes,

28 WITNESS J. WEINSTEIN:
29 not with the pipeline. We don't know the level of those
30 type of people in Alyeska jobs, the statistics are
simply not available.

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1 Q But part of the number
2 of dropouts would have obtained pipeline jobs at the
3 jobsite.

4 A I'm sorry?

5 Q Part of the number of
6 teenage dropouts would have terminated their education
7 in order to work on the pipeline.

8 WITNESS BOORKMAN:

9 A I don't know if that's
10 true because I don't know how many of them actually
11 got jobs on the pipeline. It's conceivable that some
12 people dropped out of school hoping to get a pipeline
13 job.

14 Q What I'm wondering, are
15 there statistics available that would cover that kind
16 of a possibility?

17 A Usually dropout statistics
18 don't get that detailed in terms of motivation of the
19 dropout or the dropper-out, or dropper-outer.

20 WITNESS TRUSTY: The other
21 thing is --

22 WITNESS BOORKMAN: The
23 other two drops.

24 WITNESS TRUSTY: As in the
25 case of any worker, they would have had to go through
26 the union and go up through the hiring hall process,
27 so that they would probably be on a low level of
28 seniority within the preference status. They wouldn't
29 have the relevant work experience and so on.

30 WITNESS BOORKMAN: And given
the need to get a job through the hiring hall, if you're

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1 going to work directly on the pipeline I suspect that
2 the entire seniority system, not to mention age
3 discrimination, might well have made it very difficult
4 for a teenager to get those kind of jobs.

5 Q The second paragraph on
6 page 12 --

7 MR. SCOTT: I can't hear.

8 MRS. MacQUARRIE: I'm sorry.

9 A I think mine works, Can
10 you hear me? O.K.

11 Q Some of the workers
12 obviously don't bring their children, but what is the
13 level of day care services that are available in Fair-
14 banks for people who are working? Have those been
15 upgraded, and are they state-run?

16 WITNESS J. WEINSTEIN:

17 A Yes, I can speak to that.
18 No, they're not state-run by and large. Most of them
19 are private church or community oriented. The amount
20 of day care has not, as far as I can remember, increased
21 that significantly, and it is one of the crying needs
22 in Fairbanks, as is the situation in most cities.

23 Q In Section (f) the first
24 paragraph, you were referring to inflation. With the
25 increase in the cost of living, were the transfer
26 payments increased to accommodate the inflation?

27 WITNESS BOORKMAN:

28 A Transfer payments from the
29 Federal Government to the state?

30 Q Yes.

31 A No.

32 Q Then how did the people

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1 who were dependent on these payments manage to subsist?

2 A Well many of the people --

3 WITNESS D. WEINSTEIN: There are
4 a variety of transfer payments.

5 Q Well, the four that we
6 were talking about the last couple of --

7 A I mean I don't know which
8 they were.

9 Q Well, social welfare --

10 A Yes.

11 Q -- for a family, or the
12 senior citizens' social security pensions, those kinds
13 of things.

14 A In general they haven't
15 been. You know, it depends on which transfer payment
16 you're talking about. Yes, they are periodically
17 increased. Social security has always been increasing.
18 I'd say every six months the U.S. Congress passes a
19 law increasing the amount of social security payments.
20 Welfare -- not welfare, excuse me -- Unemployment
21 Insurance has been increasingly liberalized. The
22 payment itself, I'm not sure whether that has gone up
23 or not in the last couple of years, but the length of
24 time one can draw Unemployment Insurance has been
25 lengthened. The requirements for how long one has to
26 work before drawing U.I. have been decreased. The
27 benefits have been liberalized so that you've got to
28 define -- the answer is it depends on the transfer
29 payment. Many of them have been increased and
30 liberalized.

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WITNESS BOORKMAN: But

let's get clear on causality. They were not increased because of the pipeline impact. Generally the type you're talking about, they're based on federal guidelines which were not altered for the sake of pipeline impact residence. Social security is a right, according to the formula^{depending on} what you pay in, and you would get that money, and the^{increases of the} number of people getting social security nationwide would not be -- there is no way of breaking that out in terms of what portion of that was pipeline-related or the number of people who went to Alaska. In terms of things like Unemployment Insurance, there's a pool into which people and^{their} employers pay and people draw out of that according to the type of regulations and laws that Mr. Weinstein referred to.

In terms of welfare, as I indicated earlier, welfare requirements are fairly stringent and there could well be a case where somebody came to Alaska in search of a job, didn't find one, didn't qualify for welfare, was not eligible for Unemployment Insurance, and was going hungry, and would be dealt with by private charities or individual^{but} donations, to which the formal delivery system did not respond.

Q So actually the welfare payments weren't, to people resident in Alaska for the last 100 years, weren't increased too-significantly to take care of the inflation in the local cost of living. That's what I was getting at.

A Oh, I see. As David said,

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1 in terms of social security, that's a national --
2 when those increases are made they're made for
3 general increases in the cost of living nationwide.
4 They were not affected by the Alaska situation directly.
5 In terms of local welfare, I don't believe that there
6 were any shifts in the eligibility -- in the payment
7 levels.

8 WITNESS D. WEINSTEIN: In
9 general, mainly if not most in welfare programs.
10 Federal programs are adjusted periodically taking
11 account of inflation. Inflation in Alaska has been
12 worse than inflation in the rest of the United States,
13 so therefore a discrepancy arises. However, U.S.
14 as in Canada too, has just come through a recession;
15 because of the recession, welfare programs have been
16 liberalized and therefore that affects Alaska.

17 Q So then the --

18 WITNESS BOORKMAN: But
19 residents of Alaska would be more disadvantaged than
20 residents of other states because of the higher cost
21 of living.

22 Q Yes. That took a long
23 time.

24 A O.K.

25 Q Sorry about that.

26 A All right.

27 Q Are the pipeline companies
28 responsible for returning their workers to the point
29 of hire once their employment is terminated?

30 A I believe they are. We're

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1 going to have an expert on the contracts with the
2 unions and all those procedures later on. I believe
3 the answer is "Yes."

4 Q Thank you. I got the
5 impression from the earlier discussions that the
6 pipeline companies are generally very careful of
7 their employees in that they see that they get from
8 point A to point B without disturbing the rest of the
9 community, and is it possible then that our major
10 problem in the Northwest Territories will be with the
11 private contractors or the person like the fellow
12 from Northern Alberta who drives a gravel truck into
13 the Territories and hauls gravel for a few days and
14 spends his off-time in Fort Providence, for instance,
15 a small community? They wouldn't come under the
16 jurisdiction of anyone in that case, would they?

17 WITNESS TRUSTY: I might
18 comment, if I could. First of all, when you made
19 the comment about the pipeline companies being very
20 careful about transporting their people to and from
21 the jobsite, I think by and large that's true, but my
22 understanding is that as a result of the union's position
23 in Alaska in areas where the camps are close to
24 a community, buses are laid on to take the men into
25 the community and that was one of the problems in the
26 Glennallen area. That was a factor that was peculiar
27 to the negotiation in Alaska, one which we would want
28 to avoid here but obviously one which requires union
29 cooperation to avoid.
30

Secondly, there is a tiered

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1 approach, if you like, in terms of contractors and
2 sub-contractors and sub-sub-contractors, and it, in
3 terms of this project in the Northwest Territories,
4 those contractors who are coming in and working out
5 of a construction camp would be expected to and forced
6 to follow the policies that were established, and
7 certainly any things that were established by way of
8 stipulations with regard to the manner in which the
9 project should be built.

10 When you talk about a local
11 entrepreneur who has a contract say hauling gravel
12 in a restricted area, and he goes home at night, he
13 passes outside the jurisdiction of any rules and
14 regulations. The difference, I think, in the Northwest
15 Territories will be that by far the vast majority
16 of all the services will be procured by contractors
17 who are coming in from the south and located in the
18 camps to do the job. While there will be local
19 procurement, the level of business sophistication in
20 terms of the number of contractors available and the
21 size of their operations is such that that will
22 simply not be a very large proportion of the total
23 procurement that goes on.

24 I don't know if that helps,
25 but I want to make that distinction. That distinction
26 isn't as clear-cut in Alaska, I don't believe, because
27 you have larger contractors who were in essence operat-
28 ing right outside their own home base, say working
29 on the section of the pipeline that passes Fairbanks.
30 Those people could go home at night and therefore

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by MacQuarrie

1
2 the impacts of their spending and so on could be felt.
3 That would be true of a very small proportion of the
4 total work force in the Northwest Territories.
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Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by MacQuarrie

1 Q I see. Is gambling
2 legal in Alaska?

3 WITNESS BOORKMAN: No.

4 Q Is prostitution legal
5 there?

6 WITNESS D. WEINSTEIN: Let
7 me -- by the way, the next question -- the mayor of
8 Anchorage has just appointed a commission which came
9 out with a recommendation recommending that prostitution
10 be legalized in Anchorage.

11 Q The usual camp followers
12 according to history are usually a circuit of prostitutes
13 who are brought in from one state to the other and then
14 sent back. I suppose similar -- I won't say that.

15 WITNESS BOORKMAN: Similar to
16 pipeline workers, were you going to say?

17 Q I was going to say are
18 gambling and prostitution problems of significance
19 in Alaska as a result of development?

20 A Well now, you hear
21 different estimates. As we indicated in our section
22 on crime, there have been greater increases in Part II
23 crimes which are the less serious and include the
24 victimless crime categories than in the Part I or more
25 serious crimes. It really depends on the attitude
26 of the community and many people who live in the
27 Fairbanks area have been used to the fact that Fairbanks
28 is a fairly raunchy town and it has been for a long time
29 and who are not especially disturbed.
30

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by MacQuarrie

1
2 Newer residents may report
3 crimes that long-term residents wouldn't have bothered
4 getting upset about. It really depends on your point
5 of view, especially when you are talking about victimless
6 crime. They are crimes. They are illegal. Whether
7 they pose significant problems or not is a matter of
8 policy judgment that I think everybody has to make
9 for his or herself. They have increased according to
10 the crime reports with ^{all} the caveats that you have to
11 given about the lack of statistical varifiability
12 of crime reports, you know. To say that because
13 the reports go up, crime has gone up is a tenuous
14 argument but -- or inference I guess.

15 WITNESS D. WEINSTEIN: Fairbanks
16 has never been known to be a highly moral town.

17 Q The other communities
18 near to the development aren't affected then?

19 WITNESS BOORKMAN: You mean
20 the smaller native communities that are close?

21 Q Yes.

22 A No, there has been no
23 report that I have heard of that indicates there has
24 been a crime problem of any sort, either of victimless
25 crimes or more serious crimes with the exception of the
26 -- with no exceptions.

27 Q I realize that Mr. Bayly
28 asked you this question but I would like to hear your
29 answer again from this perspective. In retrospect, given
30 your -- the social cost of the negative impact of

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by MacQuarrie

1 development on Alaska, would you -- if you were going
2 to do it again and taking into consideration the
3 social breakdown and the family problems and the
4 whole degree of the people costs -- would it have been
5 better to just build the pipeline in isolation using
6 southern workers?

7 THE COMMISSIONER: Excuse
8 me, just so I know what you are asking -- I take it
9 that you are asking Mr. Boorkman to say if it had been
10 up to him, would he have done it the safe way if that's
11 the right word to use, simply bringing workers in,
12 bringing supplies in, bringing materials in and minimiz-
13 ing to the very greatest extent possible the impact on
14 the Alaskan people. That's what you're driving at?

15 MRS. MacQUARRIE: Yes, it is.

16 A If I were a policy
17 maker who didn't have to run for re-election, I might
18 well have done it that way.

19 MRS. MacQUARRIE: Thank you.

20 THE COMMISSIONER: Well you are
21 a policy maker and you don't have to run for re-election.

22 A Oh no, I am not a policy
23 maker.

24 THE COMMISSIONER: That's right.

25 A I am a policy persuader
26 perhaps but not maker.

27 THE COMMISSIONER: Could I just
28 ask you one question before I forget? You said that
29 in '74 and '75, the two peak years of pipeline employ-
30 ment, 56,000 came in in '75 and you think that if you

Weinstein, Weinstein
Boorkman, Trusty

1 added up the figures for '74 and '75 you'd get something
2 like 75,000 altogether, in-migration in those two years?

3 A That's an estimate. We
4 did the survey as you pointed out, four times in 1975.
5 We can extrapolate for that year. We don't have any
6 statistics that are nearly as accurate as that survey
7 for 1974. I'm really going back to our report in which
8 we predicted a two-year boom period which would be the
9 years of major employment build-up and we anticipate
10 in our report about 40,000 in-migrants in the two-year
11 period.

12 We clearly underestimated the
13 level although we were predicting more impact than
14 anyone else at the time. I think we even underestimated
15 the level of impact. When I came up with the 75,000
16 figure that is somewhat speculative. It's based on
17 the 56 that we can more reasonably postulate for '75
18 and then saying some probably lesser but significant
19 amount from the preceding year.

20 Q Yes. You predicted 40,000
21 in-migration. Was that prediction related to the two
22 peak years of employment or was it --

23 A Yes. It was for the
24 two years combined. Let me just explain a little bit
25 about why we were wrong. I was -- self-justification
26 at the end of the day. Our population estimates were
27 based upon employment estimates of Alyeska in terms of
28 direct employment, then applying the multiplier, then
29 analysing the general increase in employment and the
30 labor force to the traditional parallelism between those

Weinstein, Weinstein
Boorkman, Trusty

1 two things and population in making some extrapolations.
2 The figures that we used for Alyeska construction were
3 significantly lower than those that were actually
4 finally settled on.

5 I don't know if you remember
6 but the process was one in which they began by saying
7 they were going to use somewhere in the neighborhood
8 of six to eight thousand workers and ended by having
9 a peak employment of 24,000. So any estimates made on
10 earlier figures by definition were going to minimize
11 the impact. That's by way of self-justification.

12 Q Yes, that's intriguing.
13 You say that they started off saying they were going
14 to employ six or eight thousand. They wound up in the
15 peak period employing three times as many. They had
16 a similar difficulty which we neededn't go into regarding
17 cost estimates.

18 I have always assumed that the
19 reason why the Arctic Gas pipeline -- the one that we're
20 considering here -- was expected to employ -- to require
21 no more than 6,000 construction workers north of the
22 60th parallel during the peak periods. It's essentially
23 a three-year winter construction program -- was that
24 your pipeline in Alaska was elevated which not only
25 increased the cost but also increased the actual amount
26 of physical work and so on that had to be done.

27 Have you made any -- is there
28 any basis for thinking, can you tell me just while we are
29 on the subject, whether having looked at Arctic Gas's
30 projections, is there any basis for thinking they may

Weinstien, Weinstein
Boorkman, Trusty

1 have underestimated the number of construction workers
2 they'll need to build their pipeline in the same way
3 or at all -- in the same way as the Alyeska people did
4 or at all?

5
6 A Well, you're really asking
7 the wrong person because I think as you pointed out, I
8 understand the same thing you do about the Alyeska
9 experience. They underestimated the difficulty of the
10 technological ^{problems} with an above-ground or an above and
11 below-ground pipeline that had to cross large rivers
12 and do a lot of difficult things. As they had a better
13 cognizance of the design and construction problems,
14 they had to increase their work-force. They were also
15 remember under tremendous pressure by the state which
16 had this project delayed for a long time to generate
17 some revenues. I suspect that had a lot to do with it
18 as well. That problem at least won't be true in the case of
19 Arctic Gas in Alaska. I don't know about on your side
20 of the border, but the relative revenue pressures are
21 not going to be as serious.

22 Q Right.

23 A In terms of whether or
24 not the design estimates are made, have to be redone.
25 and the workforce increased, I just don't have any
26 knowledge of it. It's not my thing.

27 WITNESS TRUSTY: An interesting
28 point. A couple of the technical difficulties in the
29 above lying pipeline were a part of it. Also the

30 Q Sorry Mr. Trusty I am

Weinstein, Weinstein
Boorkman, Trusty

1 interested in this and there's a conversation there
2 and you're not speaking very --

3 A Sorry.

4 Q Sorry, it's my fault.

5 A I was saying that the
6 pipeline construction itself was a part of it because
7 of the above ground aspect.

8 Q Yes.

9 A There was also the port
10 facility which is a very complex, large undertaking.

11 Q Yes.

12 A But in addition, my
13 understanding from discussions that I had with one of
14 the execution contractors in Fairbanks was that the
15 approval process -- the almost mile by mile approval
16 process meant that you didn't have the normal momentum
17 of the spreads. You sometimes would not have the
18 welders being able to come in right behind the initial
19 stringing and do the first part of the stringing
20 operation. The result of that was that they tended
21 to staff up to do the job faster so those men would
22 sit for a day unable to work and so they'd put on
23 extra crews to do more and maintain the schedule. I
24 think that was one of the important factors was the
25 mile by mile approval process.

26 WITNESS BOORKMAN: Does anybody
27 know what he said? It was unclear but it was a distrac-
28 tion. This is much nicer than the Federal Power
29 Commission.

30 Q Well, usually it's Mr.

Weinstein, Weinstein
Boorkman, Trusty

1 Bayly's children who arrive but --

2 MR. SCOTT: Who are sometimes
3 clearer than Mr. Bayly is.

4 THE COMMISSIONER: One last
5 question. You said that the number -- that the workers
6 on the Alyeska pipeline construction project itself
7 constituted only 15% of in-migration.

8 A No, I didn't mean to say
9 that.

10 Q It didn't sound right.

11 A No, no. The estimate
12 I heard and this was taken from listening to the
13 statements of Alyeska before their pipeline project
14 began about the types of labor they would need and the
15 estimate was on the basis of analyzing those and getting
16 some feel for what the labor pool was in Alaska, the
17 question that we were going into earlier that 15%
18 of the direct pipeline jobs would be the type which
19 would require people coming in -- you know, the people
20 from Tulsa and all the rest --

21 Q Yes. O.K.

22 A Now that was again an
23 estimate and we frankly don't know because Alyeska
24 hasn't told ^{us} what their actual experience was but it
25 was a small proportion of the direct jobs which in
26 turn is a small proportion of the total jobs.

27 Q Yes. Right, I am with
28 you then.

29 Well, Mr. Scott do you have
30 some questions. I wonder since we had planned on coming

Weinstein, Weinstein
Boorkman, Trusty

1 back for the movie at 8:30 if we might not come back
2 at 8 and you could ask your questions and we could see
3 the movie.

4 Quite apart from the voice of
5 dissent that has been raised --

6 MR. SCOTT: First of all
7 Mr. Commissioner, that won't get these gentlemen on
8 the 7:40 plane.

9 THE COMMISSIONER: There's
10 a 10:50 plane.

11 MR. SCOTT: If we come back
12 at 8:00, that won't get my questions over before the
13 beginning of the movie.

14 THE COMMISSIONER: Well then
15 we postpone the movie. I'm just concerned that there's
16 a limit to how much of this anyone can take and my
17 job is to absorb this and comprehend it. I must say
18 I feel like a break. How long will you be?

19 MR. SCOTT: Well I'll be
20 probably an hour sir.

21 THE COMMISSIONER: Well I think
22 we should come back this evening if you people don't
23 mind. These gentlemen are being very helpful and I
24 find it most interesting and I'd like to be able to --

25 WITNESS BOORKMAN: We'd
26 be happy to stay over -- at least two of us can stay
27 over and if you want to do it in the morning, that's
28 fine.

29 THE COMMISSIONER: Well, we
30 can do it tonight. I don't see any problem with that.

Weinstein, Weinstein
Boorkman, Trusty

1 How do counsel feel about it.

2 MR. SCOTT: Well, I'm prepared
3 to begin now and go for half an hour and finish up
4 in the morning if that suits better. I don't care.

5 MR. BAYLY: One of the problems
6 with sitting at night is that if we're preparing for
7 something else tomorrow, we don't have the evening
8 to do it in and if these gentlemen can stay, I would
9 certainly prefer it. If it's very inconvenient, I am
10 prepared to sit tonight.

11 A I'm sorry, I didn't
12 hear what you said, but we're willing to stay over if
13 that helps.

14 THE COMMISSIONER: Well, why
15 don't we do this? Why don't we start at 9:30 in the
16 morning and that'll probably do the job? I appreciate
17 gentlemen your willingness to cooperate with us and
18 I must say that all the people who've come ^{from} Alaska and
19 other parts of the United States have been most
20 cooperative and willing to share their experience
21 with us.

22 MR. SCOTT: Mr. Commissioner,
23 these are camp followers.

24 A We're trying to live down
25 the "ugly American" syndrome, that's all.

26 MR. STEEVES: If there's
27 a problem
28 about the plane tomorrow for these gentlemen, may
29 we use your name.

30 THE COMMISSIONER: Yes, but it
won't do a bit of good. All I want to know is what

Weinstein, Weinstein
Boorkman, Trusty

1 will Ronald Reagan say about the City of Anchorage
2 if they legalize prostitution?
3

4 (PROCEEDINGS ADJOURNED TO 8 P.M.)
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M835

Vol. 159

AUTHOR

Mackenzie Valley pipeline inquiry:

TITLE

July 7, 1976

DATE DUE

BORROWER'S NAME

~~DATE~~ *B. Hollands*

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M835

Vol 159

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MACKENZIE VALLEY PIPELINE INQUIRY

Government
Publications

IN THE MATTER OF APPLICATIONS BY EACH OF
(a) CANADIAN ARCTIC GAS PIPELINE LIMITED FOR A
RIGHT-OF-WAY THAT MIGHT BE GRANTED ACROSS
CROWN LANDS WITHIN THE YUKON TERRITORY AND
THE NORTHWEST TERRITORIES, and
(b) FOODHILLS PIPE LINES LTD. FOR A RIGHT-OF-WAY
THAT MIGHT BE GRANTED ACROSS CROWN LANDS
WITHIN THE NORTHWEST TERRITORIES
FOR THE PURPOSE OF A PROPOSED MACKENZIE VALLEY PIPELINE
and

IN THE MATTER OF THE SOCIAL, ENVIRONMENTAL AND
ECONOMIC IMPACT REGIONALLY OF THE CONSTRUCTION,
OPERATION AND SUBSEQUENT ABANDONMENT OF THE ABOVE
PROPOSED PIPELINE

(Before the Honourable Mr. Justice Berger, Commissioner)

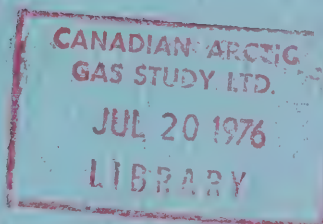
Yellowknife, N.W.T.

July 7, 1976.

PROCEEDINGS AT INQUIRY

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1 APPEARANCES:

2 Mr. Ian G. Scott, Q.C.,
3 Mr. Stephen T. Goudge,
4 Mr. Alick Ryder and
5 Mr. Ian Roland for Mackenzie Valley Pipeline
6 Inquiry;

7 Mr. Pierre Genest, Q.C.,
8 Mr. Jack Marshall,
9 Mr. Darryl Carter and
10 Mr. J.T. Steeves for Canadian Arctic Gas Pipeline
11 Limited.

12 Mr. Reginald Gibbs, Q.C.,
13 Mr. Alan Hollingworth and
14 Mr. John W. Lutes for Foothills Pipe Lines Ltd.;

15 Mr. Russell Anthony,
16 Prof. Alastair Lucas and
17 Mr. Garth Evans for Canadian Arctic Resources
18 Committee;

19 Mr. Glen W. Bell and
20 Mr. Gerry Sutton for Northwest Territories
21 Indian Brotherhood, and
22 Metis Association of the
23 Northwest Territories;

24 Mr. John Bayly and
25 Miss Leslie Lane for Inuit Tapirisat of Canada,
26 and The Committee for
27 Original Peoples Entitle-
28 ment;

29 Mr. Ron Veale and
30 Mr. Allen Lueck for The Council for the Yukon
Indians;

Mr. Carson Templeton for Environment Protection
Board;

Mr. David H. Searle, Q.C. for Northwest Territories
Chamber of Commerce

Mr. Murray Sigler for The Association of Munici-
palities;

Mr. John Ballem, Q.C. for Producer Companies;

Mrs. Joanne MacQuarrie, for Mental Health Association
of the Northwest Territor-
ies.

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Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

MR. SCOTT: Mr. Commissioner,
and before I ask any questions
while I have it in mind, I would like to give notice
to Mr. Steeves and to Arctic Gas that during this
phase we will be asking for the production of concrete
and specific plans with respect to the purchase of
goods or supplies by the applicant in the Territories,
and I hope in due course that information will be
provided. I say that, because in answering Mrs.
MacQuarrie today, Mr. Trusty indicated to her that only
a small percentage would be purchased here. That,
you know, it may only be 10% or 5%, but if that's
5% of the capital cost of the project, it involves
an extensive purchasing capacity in the Territory, so
I hope that Arctic Gas will be able to let us know
very shortly the volume they intend to purchase and
if possible, the lines in which they intend to make
their purchases. As much information on that subject
as we can have.

MR. STEEVES: I take notice
of your notice.

MR. SCOTT: Thank you.

CROSS-EXAMINATION BY MR. SCOTT (CONTINUED):

Q Do I understand from URSA
that in the analysis they presented to the Inquiry today
they have done no more than attempt to analyze a number
of selected impacts?

WITNESS BOORKMAN: Somehow the

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

1
2 way you put that, we have presented some of the major
3 impacts that we have been able to gather from basically
4 from secondary data, as I think I explained tangentially
5 earlier today. Our task was really -- our central task
6 was to prepare the socio-economic impact assessment for
7 the Arctic Gas Pipeline in Alaska, because of the
8 timing of that pipeline vis a vis the Alyeska Pipeline,
9 it was incumbent upon us to look and anticipate Alyeska
10 impacts so that we could set the baseline case which
11 Arctic Gas would then impact. But that was predictive.

12 In terms of monitoring Alyeska
13 impact, that has not been our major function. What
14 we've done is try to gather together as best we can
15 mainly secondary information from a variety of
16 sources and to extract from that the major data of impact
17 that was existent in the state, but probably spend most
18 of our time on the development of an explanation of
19 the context within which those impacts occurred.

20 Q Yes, but under various
21 headings you've dealt specifically with impacts on
22 such questions as housing, unemployment, education,
23 policing and so forth. I take it it is recognized
24 that in fact beyond those listed and dealt with, there
25 are a wide range of other impacts which has either not
26 been appropriate or possible for you to touch on.

27 A We tried to focus on the
28 ones that were either of greatest concern in Alaska
29 or presumably in Canada, the ones that received the
30 most publicity and therefore on which we thought there

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

1 would be the most questions, and the ones in which the
2 impacts were the most important in terms of quantity,
3 and relevance to the life of the state.

4 There are certainly other
5 areas you could talk about.

6 Q It would be correct to
7 observe, wouldn't it, that the impacts you emphasized
8 in your analysis are impacts primarily of the economic
9 variety. It doesn't seem to be much about impacts on
10 social or cultural structures in the communities of
11 Alaska that you've dealt with. Now, I take it that
12 I'm not to assume from that that those impacts haven't
13 occurred. It's simply that you haven't dealt with them.

14 A Well, a couple of things.
15 (1) if you're talking about cultural impacts in
16 small communities, rural communities, primarily native
17 communities, as I explained before there simply is
18 a dearth of data with respect to that impact that
19 hasn't been gathered by anyone in particular, and there
20 isn't any body of knowledge that we could draw upon
21 to bring that before this Inquiry. We would have
22 done so if it had been available. It was not con-
23 sciously avoided, it's simply there was no data to
24 bring.

25 Q I take it, for example,
26 you haven't purported to deal with the impact on
27 the re-distribution of income that may have occurred
28 in Alaska as a result of this project.

29 A The re-distribution of
30 income among ethnic groups and classes and --

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

1 Q And workers and retired
2 persons and so on.

3 A Yes. Well, there is no
4 adequate data on that to bring.

5 Q And I take it that you
6 haven't purported to exclude as non-existent the
7 impact of the project on social groupings such as
8 retired persons, persons living on fixed incomes,
9 High School students, and a whole other range of
10 social occupations.

11 A If I understood your
12 question, we have not excluded that. There simply is
13 no data again to present.

14 Q All right. Well now,
15 I observe that in the first page or the first couple
16 of pages at least, you attempt to describe the
17 specific Alyeska related impacts and to place them
18 in Alaska's overall socio-economic context, and you
19 explicitly exclude consideration of the Alaska Native
20 Claims Settlement Act. Now, I suggest to you that
21 the Claims Settlement Act and what follows from it
22 may quite reasonably be considered as an Alyeska related
23 impact.

24 A If I am to guess at your
25 reasoning, I would assume that you mean that ^{the} leverage
26 of the pipeline made land claims happen?

27 Q That -- let me put it
28 another way -- that the Settlement Claims Act was in
29 one sense a consequence of the Alyeska project proposal.

30 A Well, can you tell me a

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

1 little more about the assumptions and the reasoning
2 that you're drawing upon to say that? I think I
3 understand what you mean, but I want to make sure.

4 Q I've made no assumptions.
5 I simply put this proposition to you, that when you
6 look at Alyeska and the project, and say, "Now what
7 are the consequences or impacts of that project?"

8 One of them, whether you
9 purport to include it or not in your analysis, has
10 got to be the Native Claims Settlement Act.

11 A All right, I think we're
12 jousting. I'm prepared to deal with the issue directly.

13 Q All right.

14 A If what you're saying is
15 that there would not have been a land claim settlement
16 were it not for the fact that they wanted to build a
17 pipeline in Alaska, that's probably true.

18 Q All right.

19 A I don't especially believe
20 in the old truism of government, unless something is
21 wanted I don't believe you give anyone a billion dollars
22 and 40,000,000 acres of land.

23 Q So that in looking at
24 the Alaska problem it would be fair to regard it as
25 within the range of impacts that the Alyeska proposal
26 has produced.

27 A At a very different
28 level.

29 Q Yes, all right, and I
30 take it that whether you've considered them or not --

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

1
2 and I don't make any criticism of your determination
3 not to analyze and measure them -- the settlement itself
4 has contributed to the overall socio-economic picture
5 that exists in Alaska.

6 A Well, of course.

7 Q Yes, and it's contributed
8 to it by achieving the introduction of certain capital
9 resources into the hands of persons who didn't have
10 those capital resources before.

11 A Yes.

12 Q And it permitted persons
13 who weren't otherwise able to do so, to engage in
14 joint ventures and spend money and buy goods and do a
15 whole range of things that previously was not likely
16 for them.

17 A Yes.

18 Q So that in that sense it
19 would be true to say that ^{the} settlement has altered the
20 socio-economic picture in Alaska.

21 A Yes.

22 Q Now in Alaska, as I
23 understand it, the native population that benefits
24 from the settlement is proportionately relatively
25 small.

26 A The proportion to what?

27 Q To the population of the
28 state.

29 A Oh yes.

30 Q What percentage roughly

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

1
is it, so I'll know?

3 A About 55,000 natives and
4 350,000 Alaskans -- what is that, 7?

5 Q All right.

6 A It's late in the evening
7 and my division is not great.

8 Q And it's obvious to say
9 that the -- that if the proportion of persons benefit-
10 ting under the settlement was larger, the impact of
11 the settlement in altering the socio-economic picture
12 of the community would naturally be greater.

13 A I'm not sure, it depends
14 on whether the settlement was larger.

15 Q Well, assuming the
16 settlement --

17 A If you're going to
18 diffuse the same amount of money.

19 Q Assuming it was the
20 same or proportionately larger.

21 A Well, I can't do both.
22 If the settlement was the same, if you provided a billion
23 dollars and 40 million acres of land to 350,000
24 people instead of 55, I suspect its impact would be
25 diminished. If you increase it by a factor of seven
26 times, so that you're spending the same amount of
27 money and an equal amount of land per capita, then
28 it would be equal.

29 Q Yes, all right.

A Or more or something.

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

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Q Or more.

A Or more, yes. In gross
terms per capita, equal.

Q And do I understand,
for example, that one of the impacts of the settlement
has been (and it may not have been large) an amount of
in-migration to Alaska induced by claimants who think
they are entitled to participate in the settlement,
but have to go there to do so.

A No, you don't have to
go there to do so.

Q I'm wrong about that?

A The 13th corporation
is the
-- there are 12 regional corporations; there/option of
having a 13th which will represent all natives who are
not Alaska residents. I'm sorry, there is a 13th
corporation, they went through a couple of changes
on that, but there is currently 13 corporations.

By the way, let me just say
I'll be happy to answer these questions to the extent
of my ability or the Weinstein's ability, but once
again let me just say that we are not experts on
the intricacies of land claims but we'll do the best
we can.

Q No, and I take it that
your justification for excluding the impact of the
settlement in the analysis that you've made is that
the proportion of persons who benefit under the
settlement in Alaska is only one-seventh of the

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population.

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A No, the reason we excluded it is because we were focusing on one Alyeska impact . Well, let me back up. I think the reason we're here is because there is an implicit assumption that is either spoken or unspoken that what's happening in Alaska with Alyeska, the negative, the good, may be a parallel to what will happen in the Northwest Territories with a gas pipeline, and to the extent that that's an issue of concern, we've been called to describe what the actual Alyeska impacts are to the best of our ability, and the best of our research, and to try and explain what the dynamic underlying that impact has been.

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1 Q Yes sir, but I'm suggesting
2 to you that in doing that you decided that it would
3 be desirable or the only feasible way, perhaps, in your
4 case, to omit the measurement of impacts that flow from
5 the settlement itself.

6 A Well, the impacts that
7 flow from the settlement itself have not been very
8 well documented according to any information that I've
9 been able to see. Now, it's fairly early to say. The
10 real money and the real impact as intended, I think,
11 by the basic philosophy of the Settlement Act has not
12 yet been realized fully. That native employment patterns
13 have shifted some, but in terms of the leverage that
14 that capital and that use of the land gives natives
15 in Alaska, we don't know what the bottom line is. We
16 don't know yet what the impact of that's going to be.
17 It's still too early to say. They've been involved, as
18 you know, in a variety of task enrollment, land selection
19 and a lot of initial activities that really don't get
20 you to the point at which the major impact of the legis-
21 lation and its formula for distributing money and land
22 that can be foreseen.

23 Q You see, the difficulty
24 that confronts me is when I take your experience and
25 try to apply it to the Northwest Territories, and recog-
26 nize that it is conceivable that a land claims settle-
27 ment may be effected here contemporaneously with the
28 pipeline which will benefit over 50 percent, let us
29 say of the population of the Northwest Territories.
30 Obviously in that situation, the measurement of the

1 impact of that land claims settlement, the effect it
2 may have on inflation and so on and so forth becomes
3 critical in --

4 A It depends very much,
5 of course, on how you structure the land claims.

6 Q Precisely, but doesn't
7 it become critical in attempting to predict the socio-
8 economic situation that will exist during the course
9 of construction?

10 A Sure it does, but I
11 suppose the question is, how far down the speculative
12 road we feel comfortable in going. We, being all of
13 us. I think that the purpose of our testimony is to
14 try and describe some of the elements of impact, pipe-
15 line impact in Alaska, if you will, distinguishing
16 them from land claims impact and to try and take a look
17 at, through Mr. Trusty's testimony and ^{those of} other witnesses
18 who will follow, whether or not the context is basically
19 different in the Northwest Territories and if so,
20 whether or not pipeline development will therefore have
21 a different cast, will take a different shape.

22 I think it's useful to dis-
23 tinguish that discussion from a discussion of, if there
24 is land claims and depending upon the type of land
25 claims adopted, what will the impact be if it's con-
26 temporaneous or not ^{contemporaneous} with pipeline devel-
27 opment. There are so many assumptions and hypotheses
involved in that kind of dual analysis as to make the
results somewhat less than compelling.

Q Yes, well I take it that

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1 what it ends up at is this, that insofar as Alaska
2 is concerned, you haven't purported to, perhaps because
3 of a dearth of data, you haven't purported to measure
4 what impact, if any, the settlement had on such things
5 as inflation, increasing of demand for consumer goods--
6 the supply of consumer goods and all those other
7 matters that you talked of.

8 A Well, okay. In general,
9 as I said, in general terms the data is not in yet. In
10 terms of the timing of the Act, inflation and shortages
11 of goods and services and the like have not been
12 issued because of the nature of the distribution. It's
13 not as though you gave ten thousand dollars to every
14 native in Alaska and said, "here, go spend it", and six
15 months later all that money was spent and you had an
16 enormous buying spree in the state, that's not the
17 way land claims has been structured as I'm sure you
18 know, and the -- based on my somewhat limited knowledge
19 of land claims, the formula that Alaska, I'm sorry,
20 that the Congress settled on, tends to be one in
21 which reduces profligate spending or the influx of a
22 tremendous amount of money into the state of Alaska
23 which would lead to things like inflation and the
24 shortages of goods and services.

25 Q Do you know and perhaps
26 you don't, but do you know how much has been distributed?

27 A To individual natives?

28 Q To corporations.

29 A But, see that's the
30 difference. Corporations, as profit making bodies,

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Boorkman, Trusty
Cross-Exam by Scott

1 whether regional or village, can't alienate -- I mean
2 individual natives can't alienate their right in those
3 corporations, as I understand it and the corporations
4 can invest in profit businesses and joint ventures
5 as you pointed out. But in terms of buying of goods
6 and services, that tends not, as I understand it, to
7 be the place in which that money's gone. There's been
8 some investment in business, but that's not usually
9 an inflationary response.

10 Just one piece of data that
11 we do have, is I think to date, 272.5 million dollars
12 have been distributed out of the roughly one billion
13 dollars that will eventually be distributed, but as I
14 said, that might --

15 THE COMMISSIONER: Most of
16 it's in the bank isn't it?

17 A Yes, most of it's in the
18 bank, exactly. My experience has been, and let me
19 just say once again, I said it this afternoon, that
20 our experience with land claims is most informed and
21 we're talking in relative terms, and in terms of the
22 regional corporation on the North Slope and the village
23 of Kaktovik which we've had some experience with.

24 I think by and large, if you
25 want to generalize it, by what the native corporations
26 have done with the money they've received to date, is
27 they've taken^a fairly conservative posture, and as the
28 Commissioner has indicated they put the money in the
29 bank or they put it into some investment that's very
30 secure, and they're trying to go slow and make informed

Weinstein, Weinstein
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CROSS-Exam by Scott

1 decision after careful thought and policy review.

2 So, it's not been a wave of spending or spree of invest-
3 ment or something that has enormous impact on the
4 economy of the state.

5 MR. SCOTT:

6 Q No, I was just concerned
7 because it occurred to me that when the Congress decided
8 to -- if I can put it this way, pump one billion dollars
9 into Alaska, and has already pumped two hundred and
10 fifty million dollars into the state, whether you were
11 able to ascertain whether that had any implications in
12 respect of the impacts that you've discussed.

13 A So far, I know of no
14 study or data which reflects any major impact of that
15 distribution of income, distribution of funds.

16 Q Well now, we've been
17 told in Canada that if a pipeline is built up the
18 Mackenzie Valley to carry gas, thereafter there will
19 follow an escalated programme of oil and gas exploration
20 and development which would not have occurred but
21 for the building of the pipeline or not have occurred
22 within a reasonable time frame, but for the building
23 of the pipeline.

24 Now, has that been the experience
25 in Alaska as far as you know?

26 A Well, how can you say
27 until you build a pipeline?

28 Q Well, you're building
29 a pipeline and we've been told that the permit, the
30 issuance of the permit to build a pipeline and some
general assurance that it will be built is going to

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1
2 escalate and this is said to be one of the benefits,
3 is going to escalate exploration and development of
4 resources that might until that moment have been marginally
5 useful or which might only have been useful in the
6 long term rather than the short term.

7 A I don't believe that
8 to my knowledge -- as far as I'm -- I'm trying to refresh
9 my memory so I don't say something enormously stupid.
10 As far as I can recall there has been no major increase
11 in exploration activity in the state, with the exception
12 of current drilling that's going on in the Gulf of
13 Alaska on the outer Continental Shelf, which is of
14 course, unrelated to the pipeline since it wouldn't
15 be served. The pipeline would not provide an access
16 to market for that petroleum reserve if it were effectively
17 tapped, and of course that activity is not controlled
18 by the state but by the federal government.

19 Q Well, that will no doubt
20 be a point of distinction then, between the two projects
21 that we'll come to in a moment.

22 Let me ask some factual questions
23 to see if I can understand the situation in Alaska in
24 order to make a comparison. Now, can you -- you've told
25 us in your evidence that as of July 1st, 1973 the
26 population of the state was 330 odd thousand.

27 A What is that page?

28 Q I'm sorry that's three.

29 A Page three, yes.

30 Q It's at the bottom, I
think, of page three. Now, I take it from what you say

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Boorkman, Trusty
Cross-Exam by Scott

1 later that that would be really in the middle of or
2 just after what you've identified as the false boom.

3 A After.

4 Q Yes. What would the
5 population of the state have been immediately before
6 the false boom?

7 A I'll get the census
8 figure for you. You have to understand that in the
9 United States, as I guess in Canada, we take a formal
10 census only once every ten years and so the 1970 figure
11 is as accurate as we get, and figures thereafter are
12 estimates made by the Department of Labour or some
13 other state agency and so are not -- because the census,
14 the census figure in 1970 was 302,000.

15 Q Yes.

16 A So, we had a growth of
17 about 30,000 people in say a three year period.

18 Q Yes, and generally
19 speaking would --

20 A By the way, that 330's
21 an estimate.

22 Q I understand, but would
23 that figure, 302,000 be, generally speaking, before
24 the false boom?

25 A Yes.

26 Q Yes, all right. Well now,
27 you told the Commissioner that your extrapolated figures
28 revealed that there was in-migration in 1975 of about
29 56,000 persons and that in 1974, '75 and you become more
30 general at this point, it would be 75, 80,000 in total.

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A Well, if I can just reiterate, we conducted this study for the Department of Labour, which is unrelated to our work for Arctic Gas and one of the elements of the study was an in-migration survey, I believe the first ever done in Alaska history, which measured over a two day period four times during the year, all the people entering the state by air, ferry and car. From that we extrapolated to get annual and quarterly figures and those are the figures that, on the basis of that extrapolation we feel most comfortable with, that's the 56,000 figure. On the basis of our general analysis of the boom dynamic of the state, we think that the boom, the wave of in-migration began with the start-up of massive hiring by Alyeska, which occurred in early 1974 and other indices , although not precise data, indicates that that's the case, but that's when you start having a wave of people enter the state. How large that group was in fact, in 1974, no one will ever know because they weren't counted in any way. All we can do is estimate from the relevant data, and I would suggest that it's probably something less than the 56,000. It could be as much as 56,000, which is the figure for 1975. Just taking somewhere in between, it seemed to us that 70 to 80,000 would be a fairly reasonable figure.

Weinstein, Weinstein
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1 Q All right. Well now,
2 another set of figures, can you tell me the unemployment
3 rate in Alaska in 1970 and in 1973?

4 WITNESS J. WEINSTEIN: 1970
5 the unemployment rate was 9.3%; and it was 12.0% in 1973.
6 Do you want the absolute numbers, too?

7 Q No, I don't think that's
8 necessary at this stage. Can you tell me -- and I
9 know this is difficult perhaps because of regional
10 disparities -- but in 1970 and 1973, how did that
11 relate to the mainland unemployment rate?

12 WITNESS BOORKMAN: You mean
13 the lower 48?

14 WITNESS J. WEINSTEIN: Roughly
15 double.

16 Q Your mainland.

17 WITNESS BOORKMAN: Well, Alaska
18 -- I mean Hawaii refers to the rest of United States
19 as the mainland. Alaska refers to it as the lower 48.
20 They are about double.

21 Q So that before the false
22 boom began, there was already in Alaska an unemployment
23 rate that was double roughly the 48 state rate.

24 A Alaska has chronic
25 unemployment much higher than the lower 48.

26 THE COMMISSIONER: Is that
27 because -- was that before Alyeska?

28 A Yes.

29 Q Because of the native
-- the large, compared to the lower 48, the large

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Cross-Exam by Scott

1 percentage of native people comprising the population?

2 A No, because they
3 normally wouldn't, if you're saying they made up the
4 unemployed, likely not. They probably weren't reflected
5 in labor force figures at all. They showed up as
6 neither employed nor unemployed. Remember, when we
7 say "unemployment", for the purposes of an Inquiry
8 like this, or for the purposes of our reports, the
9 formal definition of "unemployment" is not the most
10 useful of terms. It's about all we have to go with.
11 It's the only consistent figure they gather, but it
12 has its limitations. It does not count people who
13 have given up on the job market, are no longer trying
14 to get jobs, are not registering with their local
15 Unemployment Office, which may make sense in a place
16 like New York City but when you're out in the bush and
17 you have to go 500 miles to get to the nearest
18 Unemployment Office registering and keeping on top
19 of things, it's very difficult; and so a lot of people
20 fall in the cracks and are not counted at all.

21 MR. SCOTT: Q In short, the
22 unemployment figures you've given us for 1970 and 1973
23 have to be considered in the same way as you have
24 set out in your analysis for the subsequent unemploy-
25 ment figures as being understated.

26 A Yes. All unemployment
27 figures are understated in Alaska and everywhere else.

28 Q Yes.

29 A But especially in Alaska.

30 Q Mr. Trusty, while we have

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Cross-Exam by Scott

1 you here, do you know the Unemployment Insurance
2 figures for any relatively current period in the
3 Northwest Territories and do you know the welfare
4 assistance figures for the Northwest Territories?
5 Or can you find those for us?

6 WITNESS TRUSTY: Certainly
7 we can get welfare assistance figures and there are
8 figures quoted in Gemini, and if you like I can look
9 some of those up right now. I have the volumes here.

10 Q Well perhaps I'll turn
11 to the others. If you can look those up -- what I'm
12 really anxious to get --

13 THE COMMISSIONER: Mr. Trusty
14 wanted to add something.

15 MR. SCOTT: I'm sorry.

16 A One point is that when
17 it comes to Unemployment Insurance, and I'd like to
18 check this out before I say it too strongly, but I
19 believe that you do not have comparable Unemployment
20 Insurance operating throughout most of the Territory.
21 It's one of the reasons that the statistical base
22 is so bad as compared to Southern Canada, because the
23 system doesn't function in the same way. The subsidiz-
24 ation pattern is so different that Unemployment
25 Insurance is not equivalent to what you get in Southern
26 Canada.

27 Q I understand that, and
28 that's why I've asked for two figures -- the Unemploy-
29 ment Insurance figures and the welfare assistance
30 figures -- because I understand that many people who

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Cross-Exam by Scott

1 might in other parts of Canada be eligible for Unemploy-
2 ment Insurance in the Northwest Territories, are getting
3 welfare assistance in the Northwest Territories.

4 A Yes. All I was trying to
5 explain is I'm not sure that I can give you an Unemploy-
6 ment Insurance figure. I'll certainly look for the
7 welfare figure.

8 Q Now, I take it that it's
9 -- I hate to say it's obvious because someone will
10 tell me that it isn't -- but I would have assumed that
11 it was obvious that the ability of a community to stand
12 in-migration varies directly with the size of the
13 community.

14 WITNESS BOORKMAN: In general
15 terms it's true, the larger the community the less
16 in-migration is going to have an impact, the more
17 easily it can be absorbed.

18 WITNESS D. WEINSTEIN: I
19 think it can be actually added for Alaska. Alaska is
20 so far away from the supply lines and the major
21 communication lines of the United States that Alaskan
22 communities in Alaska are less able to withstand
23 large-scale in-migration than similar sized communities
24 in the lower 48. If a town the size of Fairbanks were
25 located in Montana, one of the most under-populated
26 states in the United States, and they had a massive
27 multibillion dollar project, that community would be
28 far better able to withstand the pressures of in-
29 migration than has Fairbanks.

30 Q Well, I'm not asking you

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1 to make a direct comparison, but I suggest that as
2 a general rule that it can be said that the proposition
3 as I stated it is probably correct, leaving aside
4 cases.

WITNESS BOORKMAN:

5 A Leaving aside caveats.

6 Q And I take it it also
7 follows that the ability of a community to withstand
8 in-migration is directly related in most instances
9 to the extent to which it has unemployment.

10 A Would you like to re-
11 state that? I'm not sure I understand it.

12 Q Well, the ability of a
13 community to withstand the adverse impacts of in-migra-
14 tion, I suggest to you, varies with the extent of
15 pre-existing unemployment.

16 A You mean the more unemploy-
17 ment it has, the more it can absorb in-migrant workers?

18 Q No, the less.

19 A The less?

20 Q The more unemploy ment
21 there is existing in a community, the less able that
22 community is to absorb in-migrants.

23 A Yes, I'm not sure that
24 I buy that; I mean you can argue one of two ways.
25 Depending on the matches, skills and needed -- the
26 match of jobs and skills, jobs existing in a community,
27 and skills of the in-migrants, you could, the fact that
28 there is unemployment, you could absorb a large number
29 -- I'm sorry. The fact that there's unemployment could
30 indicate that there is a large pool of people who can't

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1 find jobs which would be exacerbated by in-migrants
2 coming. It could on the other hand simply indicate
3 that the existing population of a community is not
4 well-matched for the available jobs and that the in-
5 migrants are going to be better matched. I don't think
6 you can really draw conclusions from that hypothesis.

7 Q Isn't that stretching
8 the point, to take care of a particular case founded
9 on a mismatch of occupations and people?

10 A Well, but the mismatch
11 of people -- of jobs and skills in Alaska is notorious,
12 and one of the consistent things that leads to inade-
13 quate filling of vital jobs in the state, despite
14 chronic unemployment.

15 Q The proposition I'm
16 putting to you is a general one, and there will be
17 exceptions to it; but it's simply this, that a community
18 that has let us say a 50% unemployment rate is less
19 likely to be able to endure a substantial in-migration
20 than a community that has a 10% unemployment rate.

21 A Assuming no increase
22 in local employment opportunities.

23 Q Right.

24 A Sure.

25 THE COMMISSIONER: Mr. Wein-
26 stein, you wanted to add something.

27 WITNESS J. WEINSTEIN: I
28 think I'm not so sure I buy the case that he has
29 presented. A couple of points there. I mean the
30 exception David talked about here is not that uncommon

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1 -- the mismatch between skills and jobs that are
2 available. You know, you could take the San Jose area
3 which
4 has a large unemployment of engineers but you'd get
5 a lot of lower paid jobs and people can move in, a
6 large number of people can come in and find jobs be-
7 cause there are industries there that need the lower
8 skilled, lower paid workers.

9 Secondly, I think that service
10 level is a very important consideration which seems to
11 be lost, service level both in terms of what the
12 private sector offers and what the public sector
13 offers. It's something that's got to be treated in
14 there, and the capability or capacity of a community
15 is neither a function of an unemployment rate, neither
16 necessarily a function of an unemployment rate nor
17 that of size when you're talking -- unless you're
18 talking about magnitudes of size, you're talking 30,000
19 or 40,000, that doesn't really mean that much difference,
20 and the Alaska example is replete with that. All
21 communities up to a certain level have to provide certain
22 services and so science is not that much of a factor.

23 Q But isn't this the
24 Alaska situation, that in 1975 or at the beginning of
25 1976 it had a population, let us say, of somewhere close
26 to 400,000? Let us say 100,000 had come in in response
27 to the false boom or the real boom. You've told us that
28 some --

29 WITNESS BOORKMAN: Oh now,
30 wait a minute, wait a minute, let's back up. The
in-migration which occurred that you're talking about

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Cross-Exam by Scott

1 is Alyeska in-migration would be the in-migration that
2 ^{basically} occurred within a two-year period '74-'75. The false
3 boom is not included in the figures we've been talking
4 about. It's logically severable, it's another boom.

5 Q All right, well then
6 that makes it 430,000.

7 A Well that's --

8 Q In 1970 -- I'm sorry,
9 in 1970 the population was 302,000 roughly; in 1973
10 it was 330,000, and let's add instead of between 70 and
11 80, 100,000 as in-migration up to the present time.
12 That brings us to roughly a population in the state
13 of 430,000. All right, you've told us that including
14 indirect employment some 64,000 jobs have been
15 created, 24,000 direct jobs and 36,000 secondary or
16 indirect jobs.

17 WITNESS J. WEINSTEIN:

18 A That's a peak. That
19 doesn't necessarily mean that that would carry over
20 the entire period.

21 Q No, but what I'm saying
22 is that you produce after that an unemployment rate
23 which you fix at about 12%.

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Cross-Exam by Scott

1 WITNESS BOORKMAN: In '73.

2 Q All right. What is it
3 in '75. What is it in 1975?

4 A What page are you on?

5 Q Any date you want in
6 autumn of 1975.

7 WITNESS D. WEINSTEIN: I can
8 answer that. What's the figure you are referring to
9 12.2%?

10 Q Yes.

11 A All right the January,
12 '75, is 10.8%.

13 Q All right. 10.8%. Now
14 I suggest to you that that isn't -- that it's very
15 difficult to compare that situation to a situation
16 in which you have a project area with a population
17 of roughly 20,000 people "x%" and I'm betting that
18 the figure will be about 25%, are either unemployed or
19 are on welfare assistance in which 10,000 jobs are
20 going to be created directly. That is, pipeline jobs
21 plus gas field jobs and whether you apply a multiplier
22 of .2 or 1.5 which are going to produce job opportunities
23 and presumably an in-migration in response to them of
24 a thousand or two thousand or three thousand.

25 WITNESS BOORKMAN: Is that
26 a question?

27 Q How can you honestly
28 compare those two situations in any meaningful fashion?

29 A I'm sorry, there were
30 so many assumptions and hypotheses buried in that

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1 paragraph that I am not sure that I can straighten it
2 out.

3 THE COMMISSIONER: Well let
4 us stop a minute Mr. Boorkman.

5 A O.K.

6 Q I don't think Mr. Scott
7 is asking you to really answer that yes or no, because
8 his question was how can you compare those. But that's
9 been running through my mind. Of course Mr. Trusty
10 said, "Well don't assume that what happened in Alaska
11 will happen here". But Mr. Scott was saying, "Well
12 you started off with 300,000 people approximately, before
13 you go into this pipeline racket, and now you've gone
14 up to 400,000 more or less." Here we're beginning with
15 20,000. That may not be right. It may be more like
16 23, 24 thousand. The majority certainly are native
17 people, 25% unemployed and you will bring in 6,000
18 pipeline workers or at least there will be 6,000 job
19 opportunities on the pipeline.

20 Mr. Scott is saying, "let's
21 assume another 4,000 to run it up to 10,000 in indirect
22 employment.

23 MR. SCOTT: No sir. The
24 4,000 is the gas feeder lines.

25 THE COMMISSIONER: Sorry.

26 MR. SCOTT: The evidence we
27 have if I recall it correctly and Arctic Gas isn't
28 directly responsible for this, is that the gas plants
29 and feeders lines will employ -- the construction of them
30 -- will employ 4,000 persons.

31 THE COMMISSIONER: No, it's more

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1,200, but let's round it off at 10,000 because of the indirect employment.

WITNESS TRUSTY: May I give you some estimates that are pretty firm estimates.

Q O.K.

A For the total.

Q Nothing like firm estimates.

A Including pipeline construction, the delta development and construction of the gas plants, the ongoing exploration activity, the water and rail transporting, the equipment storage and supply functions, O.K., which is, I would call all the direct and indirect employment.

Q Yes.

A -- but not the induced.

Q Did you add the gas plants and the feeder lines?

A Yes, they are in there. Taking all of that and putting it into man years -- in other words, getting rid of the seasonality aspect. The man years^{of} employment that would be involved, the peak year -- I'm sorry, I do have the -- my .2 multiplier is in here too, so^{to} save re-adding the figures I'll give it to you with that in. That's gives you an upper number. 6,308 man years. That's equivalent to 6,308 full-time jobs.

MR. SCOTT: The point I am trying to make, obviously unsuccessfully, and that's my

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1 fault, is that let's say 100,000 people in round figures
2 in-migrated to Alaska over the relevant period. We
3 have been told that those in-migrants included people
4 who ultimately became employed in the camps on the jobs.

5 WITNESS BOORKMAN:

6 A Some.

7 Q Some of them and we have
8 been told that the jobs that are created, applying the
9 figure that is common in Alaska -- it may have been
10 short-term jobs in some instances -- amounted to about
11 60,000 in total, direct and secondary.

12 A Yes.

13 Q That means, just looking
14 at those two figures, that there is a surplus. Let's
15 not do the direct subtraction. We'll round it out and
16 make a surplus of 50,000 in-migrants to jobs. That's
17 the problem that you have been telling us about all day.

18 A Yes.

19 Q Now, what I'm saying to
20 you is that that is 50,000 over a total population of
21 400,000.

22 A Yes.

23 Q I'm suggesting to you
24 that the introduction of in-migrants without employment
25 in the Northwest Territories to the extent of 2,000
26 persons will create an economic problem that is greater
27 than the one that confronts Alaska.

28 A O.K. The question is
29 the logical connector between employment increases
30 and population increases. Now, our testimony tries to
show that in Alaska, there is a history of boom related

Weinstein, Weinstein
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Cross-Exam by Scott

1 in-migration which follow major economic development
2 projects. That you can look at the past, the distant
3 past, the more recent past; you can look at the false
4 boom, you can look at Alyeska. They all tell you the
5 same thing. When you have a major production of jobs
6 in a highly visible project that has some romance about
7 it, because that's an important issue, to in-migrants in
8 the lower 48, that there is going to be a relationship
9 between the creation of those employment opportunities
10 and the population in-migration. Without begging
11 the question, it seems to me the entire point of the
12 testimony and of this panel, is to raise the question,
13 does the link between employment generation and popula-
14 tion increase which has so affected Alaska -- does that
15 link exist to the same degree, to a similar degree in
16 the Northwest Territories?

17 We should not assume that it
18 does. It seems to me that is the question that we are
19 here to discuss.

20 WITNESS TRUSTY: Mr. Scott?

21 Q No, I'm asking if I may
22 to deal with a slightly different question.

23 A Mr. Scott, I think I can,
24 if I may, in testimony the other day I think I attempted
25 to answer this question. If the statistical base is small
26 then the proposition you just put is absolutely correct.
27 If 2,000 on a base of 10,000 is a very important
28 percentage change and it seems to me that's what
29 you're driving at and ^{it} may be equally as important as
30 50,000 on a base of 400,000 in Alaska.

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1 Q No, but Mr. Trusty can I
2 put this proposition to you? You have told us and
3 will detail for us later, I have no doubt, the ways
4 you are going to control your people, that is, Arctic
5 Gas and sub-contractors' people are all going to be
6 hired somewhere else and flown in and flown out.

7 I'm not worried about any of
8 that now. I'm afraid that there may be in southern
9 Canada, perhaps even in the United States or perhaps
10 even Alaska, some people who will say unwisely , "we're
11 going to come to the Northwest Territories. That's
12 where the next pipeline is and undoubtedly we'll be able
13 to pick up a job". Now, they may be wrong. All the
14 evidence is, if you'll look at your multiplier that they
15 won't be able to pick a job.

16 I'm suggesting to you that if
17 between two and three thousand of them come, you have a
18 surplus manpower problem in the Territory that is greater
19 proportionately than the surplus manpower problem in
20 Alaska.

21 A I'm trying to agree with
22 you Mr. Scott.

23 Q That's fine. That's the
24 only point I wanted to make. So what we are talking
25 about when we talk about measuring in the Territories
26 the impacts of in-migrants is a critical factor of
27 between two and three thousand people.

28 A I don't know what the
29 precise number is but --

30 Q Well, we're in there

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Cross-Exam by Scott

1 somewhere.

2 A Those kinds of numbers
3 would be large for the Territories. I agree.

4 THE COMMISSIONER: Mr. Trusty,
5 let me get a word in edgewise here. Mr. Scott's
6 point is one that I'd like you to reflect on for a
7 moment. Mr. Boorkman has said 100,000 people seeing
8 the romance of a pipeline in Alaska, they hitched up
9 their campers and threw the kids into the back -- or
10 they didn't. That's the one thing they didn't do. They
11 didn't have any, or else they didn't take them with them.

12 MR. SCOTT: They abused them
13 and left them at home.

14 WITNESS BOORKMAN:

A You're a sick man Mr. Scott.

15 MR. SCOTT: It's not the first
16 time that's been said.

17 THE COMMISSIONER: But away
18 they went, 100,000 which means that on this continent,
19 -- now maybe they're all south of the 49th parallel
20 there are 100,000 of these people, and it's getting late
21 but let's call them romantics who want to start over and
22 make --

23 A Boomers is a good term.

24 Q Boomers. Now, we may
25 not have that many in Canada but let's assume the ratio
26 in terms of our population gives us 10,000. You have
27 100,000. We have 10,000, and I assume yours can't come
28 up here without visas and a lot of other stuff that
29 means we can forget about them.

30 A So you can stop the Ameri-
cans.

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Q That's right. Yes.

They're not part of this country. But people that live within this country -- this Inquiry has given this thing enough visibility now. But apart from Arctic Gas and Foothills wrestling each other before the National Energy Board in Ottawa to the astonishment and amazement of all. But why are we just dealing with two or three thousand Mr. Trusty? Might there not be 10,000 people in this country?

They've got 100,000 in America. 10,000 in this country will come up here and that's a much greater proportion if you take Mr. Scott's fraction. You know, so many over so many, than you'd have in Alaska.

WITNESS TRUSTY: Well I think there are several points that need to be put in place. First of all, the people that Mr. Boorkman's talking about come in response to the fact that the only place they can get an Alyeska job at least partly in response to that fact, is by going to Alaska.

Now, so the first thing we say is "if you can get that hiring hall out of the Northwest Territories and into the south and keep it there," and refuse to give a job to anyone who applies for a job north of the 60th parallel who does not qualify by whatever criteria government decides to establish, then that inducement is gone.

Now, I noted earlier and I will be noting in future testimony that there still may be

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1 people who come. I can't give a real estimate of that,
2 but I think the experience in the Canadian north has
3 been that they don't come in large numbers unlike the
4 continuing historical experience in Alaska where they
5 always have come in large numbers, irrespective of the
6 project really.

7 That simply has not been true
8 in Canada.

9 Q But let me just ask you
10 this. If we had hiring halls and suppose you were to
11 get permission to built this, and we had hiring halls
12 in Yellowknife, Inuvik and these places, do you think
13 they would come?

14 A I think that's very
15 possible, yes.

16 Q Well then the thing that
17 you say will turn them back is a hiring hall in Edmonton,
18 and you are assuming that these are reasonable people
19 motivated by reason. When they read in the paper that
20 they have got to go to Edmonton and if you don't get
21 a job there, you're dead, they will not come north.

22 A No sir. I'm not saying
23 that. I agree that there may be those who come. There
24 may be those who attempt to come north because they
25 think there will be other things they can do apart from
26 working on the project. I wouldn't deny that. But
27 what I am saying is that our experience in the Canadian
28 north has not been that that happens in Canada and I
29 think it partly reflects the fact that the leap to the
30 Canadian north is a kind of continuum for Canadians in

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Cross-Exam by Scott

1 southern Canada. It's not the kind of leap that it is
2 for a southern American going to Alaska. But I
3 wouldn't deny that there is a possibility, and let's
4 take Mr. Scott's number of two or three thousand, that
5 could have serious impact. But then I go further to say
6 that given the political controls and the land use and
7 so on that's available in the north, there are policies
8 that can be implemented.

9 MR. SCOTT: But you see Mr.
10 Trusty, the things that causes me difficulty is if
11 you simply threw up your hands and said we haven't the
12 faintest idea of what's going to happen, you'd be in
13 the same boat with me at least. But what you're saying
14 is, no it's not going to happen, first of all because we
15 don't look on this as a frontier in the way the
16 Americans do, and secondly because we've never done this
17 before.

18 Now, I put it to you that
19 for the Northwest Territories, we may not have a pattern
20 of boom and bust, but this may indeed be our first.

21 A Well, that's possible, yes.
22 I won't deny that.

23 Q Therefore, we may
24 anticipate if it is our first that we will begin to
25 duplicate an experience that has become one of long-
26 standing in Alaska.

27 A All I can say Mr. Scott
28 is that that's a judgment that one could make. My
29 judgment would be that that's not the way it would
30 happen in the Canadian north. There isn't the infra-

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Cross-Exam by Scott

1 'structure here to attract people. People can move
2 with their families to Anchorage or Fairbanks, those
3 Alaskan cities and they can move into an infrastructure
4 that is comparable to that that they left. That
5 isn't true coming into the Canadian north.

6 WITNESS BOORKMAN: You can
7 buy a Big Mac in Anchorage.

8 MR. SCOTT: Well in Yellowknife
9 you can buy an " A&W" burger which I understand is
10 much the same.

11 How is the infrastructure
12 in Yellowknife any different than the infrastructure
13 in Medicine Hat, so that in-migrants will be driven
14 away because they have the absence of infrastructure.
15 I mean what does that mean?

16 WITNESS TRUSTY: Let me give
17 you a specific example that exists, Fort McMurray.
18 Syncrude is having to engage in a national program
19 of advertising in order to attract permanent workers
20 to the plant, and a part of that program is to convince
21 the potential worker that you really aren't that far
22 from the action when ^{you} get into Fort McMurray; that there
23 is a flight a day and there is a highway and so on.

24 I think the difference between
25 a Fort McMurray and a Medicine Hat is you can get to
26 a nearby center, you really haven't left the mainstream
27 if you like of whatever economic, cultural or social
28 aspects of southern Canada appeal to you. The further
29 north you come, the more you do put distance between
30 you and those things.

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In Alaska however, you can
into a modern, very large city with a full range of
facilities and services and live quite close to it.
I think there is a fundamental difference between the
two situations.

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

1 THE COMMISSIONER: Excuse me.

2 You're saying in Alaska part of the attraction is
3 that it really isn't a frontier.

4 WITNESS BOORKMAN:

5 A If I understand the
6 infrastructure argument. One can take a camper to
7 Alaska and live a life that does not require them --
8 you can take all the romance with you and you can
9 say you're going to Alaska and that would be a very
10 different thing in your mind. But in terms of the
11 basic amenities that make it feasible for large
12 numbers of people to come, there is a level of
13 development sufficient to sustain it.

14 Q Stretched, but it's
15 there.

16 A Yes, I mean nobody is
17 going to in-migrate to Kaktovik, there's no hotel
18 in Kaktovik, there's no place to eat outside of a
19 person's home. There are no toilets, there is no amenity
20 level that people from the lower 48, except for a
21 very, very few people who would probably be there very
22 fleetingly, you're not going to come there, because
23 it is too different. I think, you know, there's a
24 narrow line. Alaska is different enough to be attrac-
25 tive, but similar enough to feel comfortable, and if
26 I understand --and I'm not an expert.

27 MR. SCOTT: Q I would have
28 thought that that was a good description of Yellowknife.

29 THE COMMISSIONER: Excuse me,
30 you see, your point is well taken, Mr. Boorkman, be-
cause Yellowknife, as Mr. Scott says, there is an awful

Weinstein, Weinstein
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Cross-Exam by Scott

1 lot of resemblances to the description you just
2 offered -- of Fairbanks I suppose you're thinking of.

3 A Well, is
4 Yellowknife a major supply centre for the entire north
5 of the Northwest Territories, as Fairbanks is for
6 Alaska?

7 MR. SCOTT: I don't know.
8 I'm asking.

9 THE COMMISSIONER: Well, leav-
10 ing that aside, it has an awful lot of the amenities
11 of the south, and someone turning up here in a camper
12 would find that there was running water and all of
13 those other things that we regard as essential.

14 MR. SCOTT: Well, I've given
15 you, Mr. Trusty -- it's really not ~~for our American~~
16 friends to answer -- but I've given you the problem
17 that concerns me and I must say frankly that I hope
18 as we go along that there will be -- it will be possible
19 to develop responses to it that don't depend on our
20 predilection for romance or things of that type. It's
21 so difficult for me to deal with these.

22 Let me come to some more
23 specific --

24 THE COMMISSIONER: Could I
25 ask a question?

26 MR. SCOTT: Arising out of that?

27 THE COMMISSIONER: Now that
28 we've arrived at a natural break, can you tell me
29 whether you think the U.S. unemployment rate had very
30 much to do with all of this? You were going through

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Cross-Exam by Scott

1 a recession, and presumably North America is still
2 bottoming out or bottoming up or something out of
3 this thing; if you were going to build that pipeline
4 in a year and the economic forecasts continued to be
5 as optimistic as they have been for, say, six months,
6 and the performance of the economy -- let's take the
7 U.S. economy -- continued to be generally on the
8 upswing, would you have had those 100,000 people, or
9 was it to some extent a function of a rather high
10 unemployment rate in the early '70s?

11 A Your
12 implication is probably very accurate, if the economy
13 of the lower 48 gets bad, you risk less in going to
14 Alaska, you've got less to lose. However, the time
15 that we're focusing on, the boom period caused by
16 Alyeska had it's sort of a double-edged process going
17 on. You're absolutely correct in saying that the economy
18 of the lower 48 generally was in bad shape, there was
19 a recession, there was very high unemployment, and
20 that could be argued to increase the in-migration to
21 essentially an already troublesome pattern.

22 On the other hand remember
23 that the major port of entry into Alaska, Seattle has
24 always been that major port of entry, it's always
25 been the city that is the surrogate for Alaska and
26 the lower 48, the place where goods and services and
27 people go through. Interestingly enough, Seattle's
28 recession, which was a very, very bad one, preceded
29 the general recession of the lower 48 because of the
30 decline of a particular industry, and at the time of

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Cross-Exam by Scott

1 the lower 48's recession, high unemployment rate
2 the economy of Seattle was actually getting much better,
3 and so as the place where a lot of potential in-migrants
4 would pass through or the place from which many might
5 be expected to originate, it was a magnet in and of
6 itself, which might offset the magnet of Alaska. So
7 it cuts both ways and it's very hard to make any
8 definitive statement about it.

9 WITNESS J. WEINSTEIN: The
10 in-migration surveys that we conducted does tend to
11 substantiate that. The first flow of people in 1975
12 for the first two quarters, the greatest number came
13 from the western states, and that included the State
14 of Washington. Then that number, the western state
15 residents dropped off significantly in the third
16 quarter and it was about that time that the cumulative
17 effects of word of mouth had sort of built in had
18 affected the people, but also Seattle's economy and
19 the western states' economy, especially the Seattle
20 area, was substantially strong enough so that there
21 was enough of a differentiation and attraction to stay
22 in Seattle and not go to Alaska and go through the
23 trouble.

24 WITNESS TRUSTY: Mr. Scott,
25 before you resume you wanted some numbers for 1970?

26 MR. SCOTT: Q Well, whatever
27 year you have handy.

28 A I can give you -- well,
29 first let me give you the page reference, 469 to
30 470 of Gemini.

Weinstein, Weinstein
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Cross-Exam by Scott

1 THE COMMISSIONER: Which
2 volume?

3 A Volume 2, I believe.

4 I won't swear to that, sir. We're checking. Anyway
5 it's page numbering consecutively, so --

6 Q Oh, I see, yes, yes, yes.

7 A 1968-69 for the total
8 region, the total study region that was defined,
9 495,294 of direct social assistance payments.

10 MR. SCOTT: Now that's
11 dollars, eh?

12 A Beg pardon?

13 Q That's expressed in
14 dollars, of course.

15 A I'm sorry, sir?

16 Q Is that expressed in
17 dollars?

18 A Yes, yes. The following
19 year it went to somewhat over \$500,000. By '73 the
20 year that you were comparing with, it went to one
21 million two, roughly.

22 Q And that's both welfare
23 assistance and --

24 A No, that is direct
25 social assistance payments. Now, in addition there
26 are the various kinds of subsidies that are built into
27 the northern system to do with housing and fuel and
28 so on. These are direct social assistance payments
29 which include payments to single parents whose minor
30 children live at home; health payments to recipients

Weinstein, Weinstein
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Cross-Exam by Scott

1 unable to provide for themselves or dependents due to
2 health problems or age or disability; economic assist-
3 ance paid to those who would normally provide for
4 themselves but are unemployed or unable to hunt or
5 trap; and supplementary income support which is --

6 Q Well, I shouldn't trouble
7 you with it any further.

8 A That's the full defini-
9 tion.

10 Q What I'm interested in
11 is measuring the number of unemployed people in the
12 Territory at a given time, and I take it that will
13 be represented conservatively perhaps by the number of
14 people drawing Unemployment Insurance plus the number
15 of people who are totally on welfare.

16 A Well, I guess so, Mr.
17 Scott.

18 Q All right.

19 A But I don't think you'll
20 get Unemployment Insurance numbers, I may be corrected
21 on that, I just don't think they're available for
22 the north.

23 Q All right.

24 A The other thing I note
25 if I can is that a study that was done in about 1967
26 or thereabouts, a Ph.D. thesis, as a matter of fact,
27 on the economic development of the north, in talking
28 about things like income and unemployment and employ-
29 ment, noted that you can readily be 50% off because of
30 some of the problems of data collecting in the north.

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

1 So that any numbers are only indicators and that's
2 all. The error can be that great.

3 Q Well, I hope that Arctic
4 Gas, before the end of the application, will be able
5 to tell us something about unemployment in the north
6 that exists when they build their project. Well now,
7 can I turn --

8 MR. STEEVES: Do you have a
9 staff?

10 MR. SCOTT: Beg pardon?

11 MR. STEEVES: Do you have a
12 staff?

13 MR. SCOTT: I don't have an
14 application.

15 Q Can I turn to pages 2
16 and 3, in the two paragraphs at the bottom of page 2
17 and in the paragraphs in the top of page 3 you --

18 WITNESS BOORKMAN: Whose
19 testimony?

20 Q It's your testimony, you
21 give population increases and I want to know whether
22 there is any way that you know of relating those
23 increases to the staging of the Alyeska project? In
24 other words, can we say that the increase in population
25 occurred at this stage or was greater at that stage?

26 A Within that two-year
27 period?

28 Q For any period that you
29 can measure.

30 A Well, there is seasonal

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

1 -- one can assume, but we don't have any evidence for
2 it, except very limited evidence /my in-migration survey
3 -- that in-migration is seasonal. As employment on
4 Alyeska was seasonal and to the extent that people
5 assume the time to go to Alaska is in the summer to
6 get jobs, one could assume (but it's an assumption)
7 that the population in-migration increased during
8 those months. Very few people in their right minds,
9 I would argue, would in-migrate to Alaska in January.

10 Q Well, is there any way
11 of making an estimate about whether more in-migration
12 occurred before the commencement of the project or
13 after and during its commencement?

14 A I would -- there is no
15 data on that. If you're asking for an assumption or
16 an opinion about that, I'll be happy to provide it.

17 Q I'd like your highly
18 paid opinion.

19 A Would a cheap opinion
20 do just as well? My opinion would be that when the
21 word got out that Alyeska was finally going to be built,
22 people who had been talking among themselves about
23 going up there and striking it rich said, "O.K., now
24 is the time, let's go."

25 That started therefore whenever
26 the pipeline, the word about the Pipeline Authorization
27 Act got out, which I assume is around the end of 1973,
28 beginning of '74, shortly before the major employment
29 began. That's assuming that there is a sizeable
30 number of in-migrants who are fairly rational about it.

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

1 By definition, "in-migration" is somewhat an irrational
2 phenomena.

3 Q Is it possible to make
4 any guestimate about the proportions that came for
5 the second season, if I can put it that way?
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Weinstein, Weinstein,
Boorkman, Trusty
CROSS-EXAM BY SCOTT

1 A Well, as I said, we
2 have no data. We just don't have any data. The only
3 data there is is our in-migration survey.

4 It would be very useful if
5 Alaska had ^{consistent} in-migration and out-migration
6 surveys, but unfortunately they do not.

7 Q One question, while it
8 occurs to me, the way the panel has spoken of these
9 surges of in-migration lead me to conclude that the
10 in-migration in each of the four of them has been
11 followed by an out-migration. Has that in fact been
12 true?

13 A No, it's just -- let's
14 distinguish between normal and abnormal in-migration.
15 As we point out in our yellow volume and have said
16 in our testimony today, Alaska has gained in population
17 from a basically native area into an overwhelmingly
18 white area through what one can call a normal in-migration
19 pattern. People go there as they come to California.

20 What we're trying to isolate
21 is not the normal in-migration, in fact we factored that
22 out of our estimates, but the spurt which is tied
23 to a particular development project at a particular
24 point in time that brings a tremendous amount of
25 people into the state, following that development
26 project there will be some out-migration, but there
27 will be an overall, it will take them a long-term.
28 Overall incremental growth of the state population.

29 Q But I take it that it
30 appears from -- insofar as you can judge that the out-

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Boorkman, Trusty
Cross-Exam by Scott

1 migration is relatively modest.

2 A Yes, overall, yes it is.

3 Q Now, on page number 10

4 Mr. Boorkman, of your --

5 A I'm sorry I didn't hear
6 the page number.

7 Q Page number 10.

8 A Okay.

9 Q You deal with public
10 safety and I just want to review it because I'm not
11 sure I understand. When the Commissioner asked you
12 this morning about whether you were of the view that
13 criminal conduct, major or minor, in the camps was
14 not being reported, what was your answer to that?

15 A I don't know.

16 Q You don't know.

17 A No. They don't tell
18 me.

19 Q Yes. I take it if you
20 bear in mind that 24,000 people are in the camps
21 it becomes more difficult to conclude that the crime
22 rate has developed at the same rate as the population
23 rate, which includes those people.

24 A Well, you're assuming
25 a cover-up of a lot of crime that isn't occurring in
26 those statistics. If that's true, then you're right.
27 The crime rate is higher than the statistics indicate.

28 Q No, but that would be
29 so if the camps are not reporting.

30 A I'm sorry.

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

1 Q Assuming the camps are
2 not reporting --

3 A Crime.

4 Q --minor crime for example,
5 and perhaps even some major crime.

6 A Whether crime rate
7 statistics underestimate actual crime.

8 Q Yes, all right.

9 A By definition.

10 Q We've been provided with
11 a report entitled "Impact Analysis of Construction
12 of the Trans-Alaska Pipeline, on the Administration
13 of Criminal Justice in Alaska" prepared by the Alaska
14 Department of Law, Criminal Division and dated March
15 of 1976. Are you generally familiar with that report?

16 A I've seen it. I don't
17 have it with me.

18 Q Yes.

19 MR. BAYLY: Mr. Commissioner,
20 was that something that's listed or available for
21 other participants?

22 MR. SCOTT: Well, you can
23 write to the state of Alaska, I don't have a copy here,
24 Mr. Bayly.

25 MR. BAYLY: That's not a copy
26 you're reading from then?

27 MR. SCOTT: No.

28 Q I'd like to put to you
29 two factors that are set out in that report as being --
30 or three factors that are set out in the report as being

Weinstein, Weinstein,
Boorkman, Trusty
Cross-Exam by Scott

1 in
2 part responsible for whatever increase in crime, if
3 any, there may have been. The first is increasing
4 urbanization, as people move to communities. The second
5 is the mobility of the native population, increased
6 mobility as they move into urban areas and thirdly,
7 changing social values among the native people.

8 Would you agree, from your
9 observation, that those facts, if such they be, obviously
10 have impacts, adverse impacts, for the crime rate?

11 A Would you review them
12 once more, since I don't have the report?

13 Q Yes. Urbanization of
14 -- I should emphasize that the report was zeroing in,
15 not on any problems that in-migrants may have been
16 experiencing with the law, but was analyzing whether
17 the changing state of Alaska itself was leading to
18 an increase in crime, and it concluded that the increased
19 urbanization in Alaska led to either more crime or
20 more reporting of it, that the mobility of the native
21 population, especially their mobility into urban areas
22 led to either more crime or increased reporting of it
23 and that thirdly, the changing social values of the
24 native population led to more crime or more reporting
25 of it.

26 A Could you explain the
27 third? I'm not sure I understand what that means.

28 Q Well, the report indicated
29 that in the view of the writers, the social values of
30 the native population of Alaska had, or were in the course

Weinstein, Weinstein,
Boorkman, Trusty
Cross-Exam by Scott

1 of altering, and that that alteration might have led
2 to the commission of more crime.

3 A Altering in what way?

4 Q The altering of their
5 social structures. The altering of their domestic
6 patterns by urbanization.

7 A Well --

8 Q And movement to wage
9 economy, rather than subsistence economy.

10 A It really is - it's
11 getting very speculative. It would seem to me that
12 it would be fairly logical when you have increased
13 urbanization and therefore access to law enforcement
14 officers and to the criminal justice system, generally
15 for reporting to be much easier and we've already
16 touched upon today, the logical -- the tenuousness
17 of a logical argument that reporting equals crime.
18 There is no indication in any jurisdiction or in any
19 study that I know of that can substantiate that.

20 So, when you're dealing,
21 especially with the population that may be increasingly
22 concentrated in urban areas, coming in from the bush
23 where there is no state trooper within hundreds of
24 miles, there is no telephone, there is no communication
25 of any sort, I would not be surprised that reported
26 crime might go up and one could argue that that is
27 no indication that actual crime is increasing.

28 Q No, no, I only raised
29 the question because when it comes to the subject of
30 crime, you, in your transcribed evidence say two things

Weinstein, Weinstein,
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Cross-Exam by Scott

1 as I understand it. First, crime may not, in fact,
2 be increasing beyond a proportionate increase in respect
3 of population. That's the first thing you say.

4 The second thing you say is
5 that crime -- more crime may be either complained about
6 or reported on because acts that were tolerable are
7 psychologically or socially no longer tolerable.

8 A I don't think that either
9 of those statements that we make are inconsistent with
10 the philosophy that you've just described.

11 Q No, but I'm suggesting
12 to you that the three propositions that are advanced
13 in the report indicate that crime, in fact, may be
14 increasing as a result of the changes in the community
15 and social structures that occur as a development
16 progresses.

17 A As I heard you a moment
18 ago, you said crime or the reporting of crime. I think
19 those are very different things and that's my point.

20 I don't think that one can argue very quickly
21 that they are equal and make the assumption that because
22 reporting of crime has increased in an area, in urban
23 areas, that that's a reflection that urban areas are
24 cesspools of sin and anti-social behaviour.

25 Q Well, do I understand
26 then, that you're not prepared to either accept or
27 reject or make any comment on the observations that are
28 in that report?

29 A It is, to my knowledge,
30 given the literature on Alaska and the data that we've

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1 reviewed, a hypothesis, which may or may not be correct.
2 We simply don't know, nor do the authors of the hypothe-
3 sis know.

4 Q All right. Well now,
5 in your evidence, you have listed a number of impacts
6 that it occurs to me may exist or might have existed
7 in Alaska even without substantial in-migration, and I'd
8 like to list them for you and see if you agree with
9 my list.

10 The first is that even without
11 in-migration of substantial proportions you might have
12 new workers joining the work force and then going on
13 unemployment insurance.

14 A Why?

15 Q Because it may happen
16 without in-migration.

17 A Well, what you're really
18 saying is that the labour force is going to expand
19 internally, not because of external in-migration and
20 I think our experience in reviewing Department of
21 Labour data in Alaska, there would usually be a triggering
22 event that pulls those people who were not in the labour
23 force into it, and without specifying what that event
24 would be it's very hard to comment on your assumption.

25 Q Well you see here's the
26 trouble I have. You list a number of impacts and deal
27 with them. You then say the primary cause is in-migration
28 in conjunction with three or four things like local
29 hire union halls and so on. Then, Mr. Trusty comes on
30 and says, "Well, isn't that lucky because we're not going

Weinstein, Weinstein
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1 to have that , and therefore we don't have to be as
2 concerned that Alaska will be duplicated in the Northwest
3 Territories." What I'm suggesting to you is that a
4 number of the impacts that you have observed in Alaska
5 would occur even without substantial in-migration and
6 that the first is the possibility that in the face of
7 this project, people who have not worked before might
8 come out to work, living in the Territories and then
9 go on unemployment insurance.

10 A In the face of the
11 Alyeska project?

12 Q In the face of a large
13 project like this?

14 A If you banned in-migrants,
15 yes, sure you would have pulled people out of the wood-
16 work to work on it.

17 Q All right, so that is
18 a problem that confronts the community, building a
19 pipeline, even if there isn't in-migration.

20 A Rising unemployment?

21 Q No.

22 A But the major reason
23 for rising unemployment was not people were pulled
24 into the labour force and became, appeared on the unemploy-
25 ment rolls because that's not the way it works, they
26 don't appear there unless they get a job first.

27 Q Let me put this scenario
28 to you. Let us assume that Mr. Trusty is right and
29 there is going to be no substantial in-migration that
30 isn't connected with the job. I suggest to you that

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1 it may still very well be that people who have not
2 traditionally worked in the Northwest Territories will
3 come out to work, either on that project for a year
4 or two, or on the secondary jobs that are created as
5 a result of it and then go on unemployment insurance,
6 as happened in Alaska.
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Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

1 A Yes, that's quite possible.

2 Q All right, and the --

3 A The question is, is
4 two years of employment better than none?

5 Q No, that's not the question,
6 respectfully. The question is whether there will be
7 problems of this type --

8 A The problem is what?
9 The problem is that they are eventually unemployed?

10 Q The problem is that they
11 are eventually drawing government assistance for being
12 unemployed.

13 A Theoretically, I don't
14 know your Unemployment Insurance system, but if it's
15 like ours, the money they draw out would be money
16 that they've contributed while they're working, and
17 they can't get to be unemployed and draw out insurance
18 until they've been employed for a period of time,
19 and supposedly paid into the pool.

20 Q Well, our system,
21 regretably or happily, is not that.

22 A O.K.

23 Q The second characteristic
24 that may occur even without in-migration is that
25 qualified workers may be drawn from local industries
26 creating shortages of manpower in those industries.

27 A If you would have no
28 in-migration of workers and have nothing but local
29 hire, on the pipeline project, that is inevitable.

30 Q Oh, no, no, no. I'm not

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

1 dealing with that question now. I'm sorry if I'm not
2 making myself clear. Mr. Trusty has told us that
3 he doesn't expect there will be any in-migration
4 except the people he calls transient --

5 A Yes.

6 Q -- who are flown in and
7 flown out.

8 A Yes.

9 Q I say that even if that
10 is so, and even if that were so in Alaska, the pipeline
11 and secondary jobs associated with it would draw
12 qualified workers from low-paying industries.

13 A That may well be, yes.

14 Q And it is in Alaska,
15 isn't it?

16 A Well, it's not a
17 comparable situation opposed to hypothetical, which
18 isn't characteristic of Alaska. So don't ask me if
19 it is.

20 Q Well --

21 A It could be.

22 Q -- yes.

23 THE COMMISSIONER: Mr. Boork-
24 man you said that in villages in Alaska, people were
25 drawn from skilled occupations in those villages and
26 from positions of leadership, because often the same
27 person fills both.

28 A Yes.

29 Q Well, the villages you
30 have in Alaska are for the most part far from the

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

1
2 pipeline route.

3 A Yes.

4 Q Whereas the villages in
5 the Mackenzie Valley are right on the pipeline route,
6 so that problem (if that's the right word to use) is
7 one that would be very much more pronounced here, one
8 would think, on the face of it, than it's been in
9 Alaska. Let us suppose that your 15% from Tulsa
10 proposition applies here.

11
12 A 85% comes locally.

13 Q Yes, well you only have
14 to say it to realize how absurd it is.

15 A Yes.

16 Q But let's suppose you
17 just reversed it. 85% from Tulsa, that 15% might still
18 deplete, diminish, decimate the few skilled people in
19 each of these native villages along this river.

20 A Yes, that's true.

21 Absolutely true, and it would be true of any high-
22 paying project anywhere in the world, I assume.

23 MR. SCOTT: Q And Mr. Boorkman,
24 that would be true, would it not, that was the third
25 on my list, that would be true of a project whether
26 or not there was in-migration.

27 A Yes.

28 Q All right. Now you've
29 told us that in Alaska because people go to work on the
30 pipeline or pipeline-related jobs, the important jobs

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

1 ' in governm ent and in industry are going unfilled.

2 Is that a fair summary of what you said, I think?

3 A Yes.

4 Q Yes. Now I take it that
5 that would occur even without in-migration. Indeed,
6 it might be exacerbated if there was no in-migration.

7 A Well, you're getting into
8 a turf that's a little less secure because again it's
9 the argument that we discussed this afternoon that
10 the need for many of those jobs is because of in-
11 migration. You take away the in-migration, and the need
12 for the jobs or the expansion is decreased. So it's
13 getting stickier and stickier.

14 Q No, but if a project
15 is developed in the Northwest Territories, which indi-
16 cates preference for local employment, local employees,
17 is going to pay high wages, I suggest to you that
18 important jobs then existing elsewhere in the community
19 are going to be unfilled whether there is in-migration
20 or not.

21 A Yes.

22 Q You also said today
23 that one of the things observed in Alaska was that
24 capital was drawn into the highest opportunity enter-
25 prises, and that that had certain impacts on the
26 state.

27 A Yes.

28 Q I suggest to you that
29 that is going to occur or would occur whether there
30 was substantial in-migration or not.

Weinstein, Weinstein
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Cross-Exam by Scott

1 A In Alaska?

2 Q Yes.

3 A Yes, companies are
4 going to go where they can make the most money.

5 Q And the --

6 A With the least amount
7 of investment.

8 Q And capital located in
9 the state is going to go to the secondary or support
10 industries associated with the oil and gas because
11 they make most money there, probably, or possibly.

12 A Yes.

13 Q So that that alteration
14 of the capital distribution patterns is going to occur
15 whether there is in-migration or not.

16 A Yes, when you make
17 basic changes in the economy you have basic changes
18 in the economy.

19 Q Now you also told us
20 today, particularly in relation to housing, that
21 in Alaska the existence of the project has drawn
22 private construction firms into the pipeline or
23 pipeline-related matters, and away from normal community
24 construction projects.

25 A Yes.

26 Q And I suggest to you
27 that that's going to happen, whether there's in-
28 migration or not.

29 A That's true; the impli-
30 cations of that will be different, however.

1 Q And I suggest to you
2 that the last factor, the impact on the availability
3 of transportation within the project area or the
4 state are going to exist whether there is in-migration
5 or not.

6 A The same thing as
7 opportunity cause, yes. The bottom line being that
8 any major development project is going to alter the
9 economy and cause both opportunities and strains,
10 and the difference in Alaska is that the in-migration
11 associated with it caused far greater strains and
12 exacerbated the simple stresses involved in any
13 change of economic structure.

14 Q Yes, but that kind of
15 pressure, that kind of adverse impact is likely to
16 occur even if there were no substantial in-migration
17 into Alaska.

18 A Yes.

19 Q Are there any other
20 impacts that strike you, among those you've dealt
21 with, as being likely to occur whether or not there
22 is in-migration?

23 A Any others?

24 Q That would have been
25 likely to have occurred even if there was no substantial
26 in-migration to Alaska.

27 A I can't think of any
28 offhand, but you may well be able to refresh my memory.

29 MR. SCOTT:
Well now, Mr. Trusty,
30 I have some other questions for you. That's all of this

Weinstein, Weinstein
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Cross-Exam by Scott

1 panel, Mr. Commissioner. Do you want to continue now
2 for 20 minutes?

3 THE COMMISSIONER: Well, Mr.
4 Bayly is shaking his head and I think those two
5 children have expressed some --

6 MR. SCOTT: Some reservations.

7 THE COMMISSIONER: -- dis-
8 satisfaction.

9 MR. SCOTT: Well, can I ask
10 Mr. Trusty these questions in the morning before we
11 continue with the next witnesses?

12 THE COMMISSIONER: Mr. Steeves?

13 MR. STEEVES: Well, how long
14 will you be tonight, sir?

15 MR. SCOTT: 20 minutes, half
16 an hour.

17 WITNESS TRUSTY: Mr. Scott,
18 if it's possible to do it tonight, I am booked currently
19 to go out tomorrow morning on the 10 o'clock flight
20 and 20 minutes is --

21 THE COMMISSIONER: Well, all
22 right, no, I didn't realize you were leaving tomorrow.

23 A Yes.

24 MR. BAYLY: I have some
25 cross-examination of Mr. Trusty.

26 A Well, I'll be back but
27 on subsequent panels, and I understood that Mr. Scott
28 wanted to be able to pose some of his questions
29 while we were right on this topic.

30 MR. SCOTT: Well, I haven't

Weinstein, Weinstein
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Cross-Exam by Scott

1 ' deferred and don't propose to defer my cross-examination
2 of you as the others have done to a subsequent panel.

3 MR. BAYLY: Well, I thought we
4 had just foregone the opportunity to cross-examine Mr.
5 Trusty in favor of the people from
6 California this morning. I'm prepared to do that. I
7 just hadn't realized we'd done that.

8 THE COMMISSIONER: Well, he's
9 coming back next week in any event. So the momentous
10 decision we face is whether to carry on for another
11 20 minutes.

12 A I might add, sir, and
13 I don't know if this helps Mr. Scott any, but I don't
14 think there's been a topic raised in terms of this
15 exchange that's been going on that we will not be
16 leading evidence on;

17 MR. SCOTT: Well --

18 A Including shortages and
19 essential services in communities and so on,

20 THE COMMISSIONER: Could I ask
21 Mr. Boorkman a question before we move on?

22 WITNESS BOORKMAN: Break and
23 run, I think is the term.

24 Q Both Arctic Gas and
25 Foothills have said that they will ask in the case
26 of Foothills, the Government of Canada, and in the
27 case of Arctic Gas, they will ask the Governments of
28 the United States of America and the Government of
29 Canada, to guarantee repayment of the borrowings
30 on these projects. Now, that has certain implications

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1 in terms of enforcement of social and environmental
2 safeguards and so on. Is the Alaska Alyeska Pipeline
3 project one that is proceeding without either a U.S.
4 Government subvention of one kind or another, or a
5 U.S. Government guarantee? Do you know, Mr. Trusty?

6 WITNESS TRUSTY: I don't
7 believe there is, sir, but I can't swear to that. I
8 do not think so.

9 WITNESS BOORKMAN: I'm in the
10 same position. I wouldn't swear to it.

11 Q I know Foothills has
12 made it clear publicly and to this Inquiry that they
13 seek for a guarantee from the Government of Canada to
14 guarantee repayment of the borrowings on capital
15 and as I recall -- I don't want to be unjust about this
16 -- your company had indicated the same thing.

17 WITNESS TRUSTY: No sir, I
18 think your wording is too strong.

19 Q All right.

20 A I think that Arctic Gas
21 has noted that government or public involvement will
22 be required but to go to the point of saying, guaran-
23 teeing the repayment of capital, I think takes it too
24 far.

25 Q Oh, it was a guarantee
26 against an over-run in excess of 25% --

27 A Yes.

28 Q -- and interruption.

29 A And the cost of service
30 flow in the case of interruption.

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

1 Q Right. Forgive me.

2 That's correct.

3 MR. LUTES: Just for the
4 record and subject to something that hasn't been said
5 that I don't know anything about, certainly Foothills'
6 present position is that they do not and do not intend
7 to ask the government or any other body to guarantee
8 in any way either the repayment of the indebtedness
9 or to guarantee against cost over-runs.

10 THE COMMISSIONER: Well, I
11 only raised it because I wondered if Alyeska had sought
12 the same thing. Mr. Blair last summer at the hearing
13 in Norman Wells, I thought, made it pretty clear, and
14 I thought he was being very frank with us, that he
15 would seek a guarantee because of the problem you
16 faced then (maybe you don't any longer) of proven
17 reserves against which you could borrow from the
18 financial community and potential reserves and you
19 would obtain the additional capital from the financial
20 community by getting a government guarantee. But
21 let's not go into that now. It's not -- we're not
22 going to sort it out.

23 Well, Mr. Scott, do you want
24 to carry on with Mr. Trusty or --

25 MR. SCOTT: I'm prepared to.

26 MR. STEEVES: Could the other
27 members of the panel be excused? They're booked now
28 for 10:15.

29 THE COMMISSIONER: Oh sure.
30 Yes, and thank you very much, Mr. Boorkman, Mr.

Weinstein, Weinstein
Boorkman, Trusty
Cross-Exam by Scott

1 Weinstein, Mr. Weinstein. Certainly it's been a very
2 useful day. We enjoyed it, and thank you very, very
3 much.

4 (WITNESSES WEINSTEIN, WEINSTEIN
5 & BOORKMAN ASIDE)
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W. P. Trusty
Cross-Exam by Scott

1 MR. SCOTT: First of all,
2 Professor Jackson has asked me to tell you sir that
3 the movie won't be shown this week and will be shown
4 next week. I'm afraid I'm responsible for that.

5 Mr. Trusty, you were dealing
6 yesterday with the --

7 THE COMMISSIONER: Mr. Steeves
8 just left.

9 MR. SCOTT: You were dealing
10 yesterday with the importance of recognizing that
11 different multipliers may have been selected for
12 different purposes, always opting for a conservative
13 one, I think was the way you put it. I noticed in that
14 connection that in -- and perhaps you did yesterday
15 that in dealing with their employment projections,
16 Van Ginkel used 2.5?

17 A Well, it was done in a
18 more complicated fashion. I've never calculated to
19 see what the implicit multiplier is. It wasn't done
20 in a simple multiplier fashion but it may very well
21 yield a 2.5 multiplier.

22 Q Yes, well I think it does.
23 Let me just read this sentence from Van Ginkel at page
24 32 when they're talking about the expanding economy
25 which of course is one of the things that the community
26 is told will result from this project.

27 A I'm sorry, could you give
28 me the page reference again Mr. Scott?

29 Q It's page 32 of their
30 volume. They're dealing here as you will see from the

W. B. Trusty
Cross-Exam by Scott

1 'title at 52 with the employment projections and the
2 variety of employment that this project will bring to
3 the communities. They say:

4 "In the expanding economy that will result from
5 pipeline construction, employment in the primary
6 and secondary sectors is expected to be approximately
7 40% of the total number of jobs available."

8 Then they refer you to Section 5.1.

9 knowledge of the
10 "Consequently from the primary and secondary jobs,
11 the tertiary and quaternary employment can be
12 deduced and thus the total of jobs that will result
after construction of the pipeline can be estimated."

13 A Yes.

14 Q Now, assuming for a
15 moment as I think that that works out to a quotient
16 of 2.5, may I ask why in assessing the jobs that will be
17 created as a result of construction, you have used
18 instead .2, notwithstanding Van Ginkel's advice to you?

19 A Well, first of all, the
20 .2 was used well in advance of the time that we did
21 this more detailed calculation. That's the first
22 answer.

23 Q I'm sorry, I don't
24 understand that answer.

25 A Well at the time that the
26 .2 was selected Mr. Scott, the Van Ginkel analysis had
27 not even been contemplated.

28 Q I see.

29 A So that we had-- a detailed
30 analysis of this nature had simply not been done up to

W. B. Trusty
Cross-Exam by Scott

1 that date. So that's one factor. Secondly, the
2 analysis that used .2 did not focus on the longer
3 term growth in the full sense of the word in the
4 communities. It focused on much more unemployment
5 during the construction phase and the question was
6 how much employment will be generated during the
7 construction phase.

8 The calculations that were
9 done indicate that the employment generated in the
10 construction phase is in excess of the available labor
11 force. So whether you make it even more in excess --
12 are you with me?

13 Q Yes.

14 A Well, I'm not sure if I --

15 Q No, the point I make of
16 it, I recognize Van Ginkel was done after you did your
17 calculations but what troubles me is when we come to
18 the problem of in-migration, as I understand your response
19 is, well there isn't going to be any very much for
20 two reasons really because we're going to hire everybody
21 in Edmonton and on the direct jobs bring them in,
22 except for local hires.

23 A Let me jump ahead into
24 our testimonial a little bit.

25 Q Could I just put the
26 proposition to you first, and then you see if you can
27 help me. The proposition is this. You have been using
28 a multiplier of .2 during construction and what that
29 means is that a very limited number of secondary jobs
30 are going to be created. You say all hiring for

W. B. Trusty
Cross-Exam by Scott

1 construction is going to be done either by giving
2 preference to local people or at Edmonton. There will
3 be very limited in-migration and one of the reasons
4 is because you won't be able to get on the pipeline.
5 The second reason is that we're going to create very
6 few secondary -- that is .2 -- jobs.

7 A No. That's where I differ
8 with your--

9 Q That would be terribly
10 difficult because Van Ginkel is creating many more
11 isn't he?

12 A Yes. But that's where I
13 differ with you, you see. You have got to distinguish
14 -- let me see how I can put this so that it's simpler.
15 You, for the purposes --

16 Q I'm grateful.

17 A For the purposes of
18 construction and let's assume that you're going to
19 build a pipeline and never operate ^{it} and never operate
20 the gas plants. You're just going to construct it.
21 For the purposes of construction, you could build the
22 line as if there wasn't a single community. You could
23 procure nothing and employ no one, north of the 60th
24 parallel. I'm sure you'll agree with me that in that
25 case the multiplier would be 0 for construction. Are
26 we together?

27 Now, the multiplier begins to
28 increase for that construction case only as you hire
29 more people and procure more locally. O.K.?

30 Now, but the fact of life is

W. B. Trusty
Cross-Exam by Scott

1 that you are going to operate these things and there
2 is going to be a high permanent on-going employment
3 base created. Not just the pipeline, but particularly
4 in the delta region. All right?

5 Q Yes.

6 A Now, for the purposes
7 of estimating the induced effects of that employment,
8 that longer term employment, we went to the Van Ginkel
9 kind of analysis which has a much higher multiplier.

10 Q Can I stop you --

11 A Now that employment --
12 well if you just let me hold my train of thought.
13 That employment starts in its build up sense -- in the
14 sense of how it induces activity, that employment
15 can start very early in the ball game. You know, year
16 one if you like of pipeline construction, but it's
17 a separate matter from actually constructing these
18 facilities.

19 Now, in the Van Ginkel analysis,
20 O.K., we dealt with that permanent job creation that
21 would have a multiplier effect and in essence said,
22 assume that the pipeline is being built by transients
23 who don't really spend very much in the region because
24 you can employ policies to prevent them, but that there
25 are things going on in the communities because of the
26 growth phenomenon that's taking place. That's what's
27 analyzed using a high multiplier.

28 The low multiplier was simply
29 applied in the context of say, you know, what's a
30 conservative estimate of the number of jobs that will

W. B. Trusty
Cross-Exam by Scott

1 'be created north of 60? There we picked a low
2 multiplier and we hadn't gotten into this more detailed
3 analysis of the growth phenomenon that can take place,
4 including the potential for in-migration.

5 Q But Van Ginkel says,
6 we're talking about jobs that are going to be created
7 and he says you take 2.5 and you apply it to the
8 6,000 odd construction jobs and you get the number of
9 jobs. That's what he works out on his chart at page
10 92.

11 A Let me take a look.
12 Page what Mr. Scott?

13 Q Page 92. Have I not
14 got that right?

15 A Well, it doesn't sound
16 right to me. O.K. I am on page 92 which -- that can't
17 be the page you mean.

18 Q Well let me see if I
19 understand. I understand that Van Ginkel, in this
20 paragraph five that we've been dealing with is trying
21 to predict the number of jobs that will be created
22 as a result of construction.

23 A But not construction jobs?

24 Q No, I understand that.
25 Secondary jobs or whatever you want to call them. Just
26 as our friends did in Alaska.

27 A Yes.

28 Q He says that the quotient
29 you apply is 2.5 and you apply it to the construction
30 jobs.

W. B. Trusty
Cross-Exam by Scott

1 A No, that's where we
2 depart I think.

3 Q What do you apply it to
4 then?

5 A You take the long-term
6 -- let me back off -- the principle applied in the Van
7 Ginkel analysis which results in this 2.5 is to say,
8 normally in Canada for every 40 jobs that you have in
9 the primary and secondary sectors which means natural
10 resource extraction and manufacturing kinds of activities,
11 there are 60 jobs in the tertiary and quaternary which
12 is services to business and so on.

13 That ratio does not currently
14 prevail in the Northwest Territories. It's actually
15 a weird ratio of 35, 65 because it's unbalanced by
16 government which is in that tertiary-quaternary
17 sector.

18 Now, we assume that the North-
19 west Territories would move to the national average
20 in the large communities. I shouldn't say the Northwest
21 Territories. We assumed that in the large communities
22 we'd get to that 40:60 ratio. Then said, all right,
23 what are the primary and secondary jobs, not just in the
24 hydrocarbon industry, but in other industries that are
25 either here now or can be expected to develop. All right?
26 Then use that to calculate -- that gives you the 40
27 end of the ratio -- and use that to calculate how many
28 induced jobs there would be. Are you with me?

29 Q That's the 60 end of the
30 ratio?

W. B. Trusty
Cross-Exam by Scott

1 A That's the 60 end of the
2 ratio, but all of those jobs on the the primary secondary
3 side were the permanent on-going jobs. They were not
4 the pipeline construction or the gas plant construction
5 jobs. They were the permanent on-going jobs in the
6 region.

7 Now, those jobs number into
8 the thousands -- those permanent on-going jobs.

9 Q I see.

10 A O.K.?

11 Q So what you're saying if
12 I understand it, is that your reading of Van Ginkel is
13 that he applies the 2.5 only to the permanent jobs,
14 the operational jobs if you will rather than to the
15 construction jobs?

16 A Permanent jobs not just
17 in the industry but permanent -- you see nobody in
18 Van Ginkel of 2.5 was never applied to anything. It
19 was calculated by saying "let's add up all the primary
20 and secondary jobs we can find or we think will develop
21 and then use a 40:60 ratio to make an estimate of how
22 many tertiary and quaternary jobs there will be." No one
23 ever took a base number of jobs and just multiplied it
24 by 2.5. It was rather done in this more complex manner
25 that I'm describing.

26 Do you follow?

27 Q But what I'm asking you
28 at base I suppose, is does Arctic Gas accept the calucla-
29 tions that Van Ginkel has made about the jobs that will
30 be created in the community?

W. B. Trusty
Cross-Exam by Scott

1 A Yes, we think it's a
2 pretty good estimate. . . I might add that for the
3 community of Inuvik for example it was done on a
4 community specific basis, and for the community of Inuvik
5 it's almost dead on what Stanley and Associates have
6 found using a totally different approach.

W.B. Trusty

Cross-Exam by Scott

1 Q Could I ask you to turn
2 to page 92 now.

3 A 42?

4 Q 92, where he's worked this
5 out, that's the table that he refers to.

6 A Well, page 92 in my
7 book, Mr. Scott, is to do with the delta and the
8 remainder of the area, is that --

9 Q Yes, well, that's one
10 part of it. I take it, if you look at the delta, which
11 is Inuvik and Aklavik and so on, that indicates that
12 according to Van Ginkel, 3,590 jobs will be created.

13 A That sounds about right,
14 yes.

15 Q Am I right?

16 A Yes.

17 Q And in the remainder
18 of the area, and I presume he's talking about the
19 project area, 4,235 jobs will be created.

20 A I have to back off for
21 a minute, because it's the delta and it's talking
22 about jobs in the delta, not just in Inuvik.

23 Q I understand that.

24 A Okay.

25 Q But what he's saying
26 is that the construction and operation of this project,
27 taken in total will create in the delta 3,590 jobs
28 and in the remainder of the project area, 4,235 jobs.

29 A Well, that's almost right
30 but not quite, and the not quite is as I tried to explain.

W.B. Trusty
Cross-Exam by Scott

It takes into account all primary and secondary jobs that could be foreseen and some of those don't have anything to do with the fact the pipeline's being built or not being built. For example there was an agricultural factor in there and you know. So, it's not specifically things related to the pipeline because the objective was to say, how much are these communities going to grow and of that growth, what of it is related to the industry.

Q And none of those jobs are construction jobs?

A They are not construction jobs, no.

Q Do you think that --

A Not pipeline or gas plant construction. It certainly includes jobs in the building industry in the community.

Q Yes, I meant pipeline, your pipeline construction.

A It's not pipeline and it's not gas plant.

Q Do you think that if anybody in southern Canada read the Van Ginkel report he'd consider in-migrating with that kind of promise?

A Do I think that if any--

Q Yes, isn't that an inducement to major in-migration?

A I think it will be an inducement to some in-migration. Certainly you have to have in-migration to fill those jobs and that's the

W.B. Trusty
Cross-Exam by Scott

1 whole point of the report.
2

3 Q Yes.

4 A But that's not the kind
5 of in-migration we've been addressing here today.
6 I mean we're not for a moment saying there won't be
7 in-migration to the region, and in fact one of the con-
8 cerns we have and one of the areas that when we come
9 to be testifying about this particular material is
10 that methods be developed to pace that growth and
11 that growth is an in-migration phenomenon. It's just
12 that it's different than the kind of in-migration
13 we're talking about with respect to construction
14 of the pipeline.

15 Q Well, can I turn to one
16 other matter. On the first page of your transcribed
17 evidence, at the very bottom, as you begin to explain
18 why, in your view, the problems of Alaska are not
19 as likely to occur in the same form here. You say that
20 "we believe that in veiw of the basic differences between
21 the two regions", and you go on to spell them out, "and
22 the projects themselves". Could you just pinpoint
23 for me in point form, the differences between the pro-
24 jects that make what happened in Alaska unlikely to
25 happen here?

26 A Yes, let's start in Valdez.
27 In Valdez you have -- and this is a combination of
28 regional differences and project differences. You have
29 a bay with a narrow table of land around one side and
30 a much larger table at the end, and a huge port facility
being built, literally on the mountain face on the other

W.B. Trusty
Cross-Exam by Scott

1 side of the bay.

2 The community is wedged
3 on a narrow little shelf of land on the opposite
4 side of the bay and in addition, a double joining
5 facility was put in there and it was the end of the
6 haul road and it was a place for delivery of pipe for
7 double joining. There is no comparable piece of
8 activity associated with the Arctic Gas project, where
9 you have that much concentrated activity and it's
10 substantial, with a relatively small community
11 sitting right next door. So that's one difference.

12 THE COMMISSIONER: Excuse
13 me, I follow all of that and I've been to Valdez so
14 I have in my mind what you're saying, but prior to
15 your revision, the revision of your construction plans
16 to move to Axe Point, you had, at Hay River, the
17 place for trans-shipment of pipe from rail to barge.

18 A Yes.

19 Q You had a double jointing
20 situation there. In some respects it certainly did
21 then and still does bear a resemblance to Valdez,
22 doesn't it?

23 A I agree sir, and in
24 relative terms it does, and I think there's two sides
25 to the Hay River coin. On the one side, we think that
26 is the community that is most likely to be impacted
27 in a variety of ways, including the place where in-migrants
28 are liable to go, who are looking for opportunities.
29 On the other hand it's one of the communities most
30 capable of absorbing impact.

W.B. Trusty

Cross-Exam by Scott

1
2 The thing I would note, however,
3 is that there is an order of magnitude difference between
4 Valdez and the activity at Hay River that is very
5 extreme. If you recall Mr. Williams testimony, it was
6 that the employment at the staging area was in the
7 order of 500 -- 400 I think. If it was in the original
8 version.

9 The port facility at Valdez
10 alone, as I recall, is employing in excess of a
11 thousand people. Just on that port construction, not
12 counting double joining, not counting the facts that
13 the trucks are coming and going and have a terminus
14 point there. All right?

15 Q Fine.

16 A Going up the line then,
17 Mr. Scott, after you get through the mountain range --

18 MR. SCOTT: We're dealing
19 now with differences in the project that make the
20 Alaska experience unlikely to occur here.

21 A That's right. Well, we're
22 dealing with the point that's captured by that sentence
23 that you referred me to.

24 Q All right.

25 A You go up the line, out
26 of Valdez, you go through some mountain passes where
27 you're in very similar kinds of circumstances in terms
28 of relative isolation, but then you break out into
29 the flat land, south of the Yukon river, where there
30 is highways criss-crossing the area, I guess with their
main junction point being Glenallen and the pipeline

W.B. Trusty
Cross-Exam by Scott

1 project is operating there in an environment that's
2 very accessible to communities. You get into Fairbanks
3 and you have the major -- the entire focus of the
4 project, if you like, right in an existing community
5 and I mentioned this morning the fact that the military
6 base is being used not only as a spread camp, I think
7 it's for spread camp -- spread 3 on the line, but
8 also as the processing center for personnel.

9 We have nothing comparable,
10 and it's only when you get into the northern part of
11 Alaska that you start to get into a relative isolation
12 kind of operation that is comparable to what we will
13 have in the Northwest Territories.

14 Q Are there any other
15 differences in the project, in the two projects in
16 which you rely in that sentence?

17 A Yes sir, there's no
18 haul road. The haul road has had an effect. It pro-
19 vides a mobility factor and it's a different character.
20 I mean, first of all it's a construction project in
21 and of itself, with the bridges and so on, and secondly,
22 it means that things are moving in a different way
23 than they will be for this project with it's dependence
24 on the river.

25 Q Any other differences?

26 A Well, then there are
27 matters of policy, which are matters that I'd prefer
28 to go into in the sequence as we -- you know, have the
29 appropriate people here and present the testimony.

30 Q Yes, but you've covered now --

W.B. Trusty

Cross-Exam by Scott

1
2 A But those are the main
3 physical features.

4 Q All right.

5 A One more, I'm sorry.
6 One more, Mr. Scott and that's this question of infra-
7 structure in the two regions and therefore the projects
8 ability to depend on the infrastructure and in particu-
9 lar, and I noted in this testimony, the linkage with
10 Edmonton in the case of this area as opposed to the
11 dependence on Anchorage and Fairbanks in Alaska. That's
12 not really a feature of the project so much as it is
13 a feature of the region.

14 THE COMMISSIONER: What about
15 numbers of men employed, that's --

16 A Well, they're greatly
17 different, they're greatly different.

18 Q Yes, you would add that
19 to your consideration.

20 A Yes, I would.

21 MR. SCOTT: The numbers,
22 actually, Mr. Trusty, work against you, don't they?
23 Because the proportionate size of your work force to
24 the population is substantially greater.

25 A Oh, in that sense, yes.

26 Q Yes, than in Alaska.

27 THE COMMISSIONER: The numbers
28 work for and against you, right?

29 A That's right. They always
30 do. sir.

MR. SCOTT: Now, on page 5,

W. B. Trusty
Cross-Exam by Scott

1 paragraph one, and tell me if you're going to deal
2 with this later because I don't want to trouble you
3 with it now. I'm really troubled by how you are going
4 to apply the policy that is stipulated there which
5 creates two hiring centers. One in Edmonton and one
6 in the Northwest Territories, for two different types
7 of workers. That is one, an outside worker and the
8 other a native worker. Will this be dealt with in
9 your panel four?

10 A We are going to deal
11 with it in panel three, but I can just briefly capsulize.

12 First of all, we are not going
13 to have two hiring centers, one in the south and one
14 in the north. We would hope to have one in the south,
15 or more, and I can't comment on whether there'd be
16 more in the south, and as many as are necessary in
17 the north to serve the communities on ^{an} individualistic
18 basis.

19 In other words, we would expect
20 in most of the communities to have some sort of local
21 hiring function performed right there, but that is --
22 I can't go so far as to say that in a very tiny
23 community we'd have that done.

24 Q Will you, in panel three
25 be bringing forward proposals related to the creation
26 of the mechanisms that our American friends told us
27 were so essential when local preference is offered?

28 A Yes sir, we will.

29 Q All right. Well now,
30 one other thing that I didn't understand in your evidence

W.B. Trusty
Cross-Exam by Scott

1 and there are only two items to be dealt with, but
2 this is the first, is this, how is it that you say
3 that the strong centralized federal government, control
4 of planning for northern development represents a
5 significant safeguard against the risks of large
6 scale development.

7 A What page are you on,
8 Mr. Scott?

9 Q Well basically it begins
10 on page six when you talk about the role of government
11 contrasting the government, I presume of the Northwest
12 Territories and the government of the nation, on the
13 one hand, to the government mechanisms that exist
14 in Alaska.

15 A Well, I think one evidence
16 of that statement is already in place, and that is that
17 if you took the amount of planning material that's been
18 generated in anticipation of this project and compared
19 it to that that was generated in Alaska, you would find
20 an astronomical difference in volume of paper if
21 nothing else.

22 Q Well, let me ask you
23 this -- I'm sorry.

24 A So that's one factor.
25 We have, for example, if you take the community of
26 Inuvik, the planning process has gone to the stage of
27 developing the infrastructure, putting in buildings
28 and so on. The preparation has been going on, as a
29 result of the focus on planning in the Northwest
30 Territories already, which had not been true in Alaska.

W. B. Trusty
Cross-Exam by Scott

1 Q So I take it that your
2 concept is that the strong, fairly centralized
3 government controls of the Northwest Territories and
4 the machinery that they represent will be able to
5 -- or should be able to effectively plan and control
6 the development so that nothing will get out of hand.
7 Is that the theory?

8 A They can play a role.
9 I'm not saying they are the total answer. But, for
10 example, you have a situation where -- my understanding
11 is that the municipal planning group in the Territorial
12 Government can, if they see fit override a zoning
13 by-law in a community. They can say, "no, in our
14 judgment even though the zoning allows for that
15 development, we are going to stop it."

16 That's typical of the amount
17 of control which is exercised here which is not
18 exercised in Alaska.

19 Q So that the big powers
20 of -- I shouldn't say the big powers but the extensive
21 powers of the central government and the Northwest
22 Territories Council are our assurance that the impacts
23 of Alaska are less likely to occur.

24 A Well assurance is your
25 word Mr. Scott. I think they are very important and
26 very helpful factors.

27 THE COMMISSIONER: The power
28 exists.

29 A The power exists. The
30 land is by and large under control of authorities who can

W. B. Trusty
Cross-Exam by Scott

1 plan and regulate its use. That is not true in
2 Alaska to nearly the same extent. The extensiveness
3 of private property -- the extensiveness of private
4 business. You're very hard pressed in the Northwest
5 Territories to start anything without an agreement with
6 government. That simply is not true in Alaska.

7 MR. SCOTT: So that in sum
8 then, when you're building in the Northwest Territories,
9 the fact that the government machinery is in place,
10 the government owns or controls most of the land,
11 constructs most of the housing, is responsible for most
12 of the land transfers, is really what you're referring to?

13 A Yes. That's right.

14 Q Well now, the thing that
15 troubles me about that is, does not the assurance that
16 you've given us in these paragraphs of that kind of
17 scheme not confirm the very fears that the native people
18 in the community hearings have expressed about the
19 development of a pipeline and the settlement of their
20 land claims? As I understand them just to set it out
21 so we can have your reaction, that they fear the commence-
22 ment, the issuing of permits and the commencement
23 of construction will entrench and further require the
24 growth of centralized government -- controlling the
25 major aspects of their life -- if those impacts are to
26 be held within acceptable limits.

27 They say, as I understand them,
28 "That's why we want a land claims settlement first before
29 these mechanisms of control are established and entrenched".
30 Doesn't that make a certain amount of sense to you?

W. B. Trusty
Cross-Exam by Scott

A Sure. I wouldn't quarrel with that, ^{that} the controls will be in place. I'm not sure I go with the full thrust of what you're saying. It seems to me that you're saying that once these controls are used to modify or ameliorate impacts or prevent impacts, that they're 1. irreversible and, 2. they somehow affect the ability to have a land claims settlement. I just --

Q Let me put it to you this way. You see as one of the solutions to our Alaskan problem the existence of this kind of government machinery with this kind of control. Right?

A Yes.

Q Isn't that the very problem that the native people see to which land claims is a solution?

A Well, it can also be a solution. You see, that's why I have a problem with what you're saying in terms of the native people. For example, I would think and I can't testify to this with full knowledge, but I would think that should the government choose to do so, they could make it a regulation that there be no hunting, trapping or fishing by other than residents of the Territories within some great swath down each side of the pipeline.

You can argue therefore that that kind of control in fact preserves the land to the maximum extent possible and therefore is ultimately beneficial in settlement terms. I think that's true if you go through a number of circumstances. You can

W. B. Trusty
Cross-Exam by Scott

1 argue that if these controls are used to make sure
2 that pipeline workers and the pipeline project does
3 not impact in any way on a native settlement that that
4 preserves whole, if you like, the situation. Do you
5 see my difficulty in responding easily to what you are
6 suggesting?

7 Q Well I am not concerned
8 about hunting and trapping per se so much. I am concern-
9 ed that you look to the all pervasive control of
10 government as a solution to the problems of Alaska.

11 A Let's be more specific.
12 I don't look to all pervasive control. I look to these
13 kinds of things. A construction camp is located at a
14 certain spot. The government can, if that's government
15 land and in most cases it is, under at least the control
16 of the Crown, can say, "There shall be no development
17 within a certain radius of that camp outside the camp
18 fence". They can put in a land use control if you
19 like. It's a very specific. It can also be removed.

20 Q I understand that.

21 A Well my point though
22 Mr. Scott is you're using the word "control" as if it's
23 something other than what I mean it to be. I mean it
24 to be appropriately structured regulations applied in
25 the appropriate places for the appropriate reasons.

26 Q Yes, but don't I understand
27 you correctly to say that the assurance in the Northwest
28 Territories is that we have a government that can do
29 extensive land use planning, that can control the size
30 and placement of communities, that can control the future

W. B. Trusty
Cross-Exam by Scott

1 development of communities, that can build housing in
2 place "x" rather than in place "y", and that the
3 presence of those powers is the assurance that the
4 project and its impacts will not get out of hand?

5 A That's part of it, yes.

6 Q Well now isn't that the
7 very thing, for what it's worth, that the native people,
8 if their views in the settlements are typical, are
9 concerned about? That all that planning will be done
10 before their land claims are settled?

11 THE COMMISSIONER: The point
12 is I think that a government establishment even
13 more pervasive than that which exists at present will
14 become entrenched, which will make it all the more
15 difficult for the native people to work out a settlement
16 which enables them to achieve self-determination
17 and that could only be reflected in a different kind of
18 institutional arrangements.

19 A That sort of point I can
20 go with much more easily, because that goes to the
21 question of government dominance increasing. My problem
22 is with this ^{word} "control". But the point you've just
23 raised sir, I can readily see.

24 MR. SCOTT: Well Mr. Trusty,
25 I'm still not happy about the multiplier. Can you and
26 I think about it and deal with it on the subsequent
27 panel?

28 A Yes. I should mention
29 Mr. Scott that I'll be going through this Van Ginkel
30 analysis step by step in the subsequent panel and maybe

W. B. Trusty
Cross-Exam by Scott

1 at that point it'll sort itself out.

2 Q Well maybe you'll bring
3 one of the Van Ginkels with you next time. We can
4 discuss it with them.

5 Those are all the questions
6 I have, and I want to thank you very much Mr. Trusty.

7 THE COMMISSIONER: Well thank
8 you Mr. Trusty and it's good of you to accomodate us
9 by sitting late in the evening. We'll see you next
10 week.

11 We will adjourn now and see
12 you all at 10:00 a.m.

13 (WITNESS ASIDE)

14 (PROCEEDINGS ADJOURNED TO JULY 8, 1976)

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